

Forms & Instructions

California 540 & 540A

2005 Personal Income Tax Booklet

**Members of the
Franchise Tax Board**

Steve Westly, Chair
John Chiang, Member
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Important due dates

April 17, 2006	Last day to pay the 2005 amount you owe to avoid penalties and interest.* See form FTB 3519 on page 41 for more information. <small>*If you are living or traveling outside the United States on April 17, 2006, the due dates for filing your return and paying your tax are different. See form FTB 3519 on page 41 for more information.</small>
October 16, 2006	Last day to file or e-file your 2005 return to avoid penalties and interest computed from the original due date of April 17, 2006.
April 17, 2006 June 15, 2006 September 15, 2006 January 16, 2007	Due dates for 2006 estimated tax payments. Generally, you do not have to make estimated tax payments if your California withholding in each payment period totals 90 percent of your required annual payment. Also, you do not have to make estimated tax payments if you will pay enough through withholding to keep the amount you owe with your return under \$200 (\$100 if married filing separately). However, if you do not pay enough tax either through withholding or by making estimated tax payments, you may have an underpayment penalty. See Form 540-ES instructions on page 65 for more information.



INTERNET ASSISTANCE

We have made significant changes to our Website in an effort to help answer questions when completing your income tax return. Visit us at www.ftb.ca.gov to:

- Get a Customer Service Number.
- e-file your tax return.
- Check your estimated tax payments.
- Check the status of your refund and make an account balance inquiry.
- Pay online with Web Pay (personal income tax, estimated tax, and bills). You choose the dates to pay.
- Complete and submit requests to make monthly tax payments.
- Download tax forms and publications – sorted by year and by form number.
- Access legal notices, rulings, and regulations; also see FTB's analysis of pending legislation; and get current law/policy information by reading **Tax News** online.
- View internal procedure manuals to learn how we administer the law.



Automated Phone Service System

Get recorded answers to your tax questions, 24 hours a day, 7 days a week at NO charge to you. Just call toll-free at **(800) 338-0505** and follow the instructions provided. For quicker service, first choose Spanish or English, then press 1-4-1 (allow 3 seconds for a prompt), then enter the three-digit **general information code** found wherever you see the phone symbol throughout this booklet. See the back cover for a list of general information topics and access codes.

\$\$\$ for You

Earned Income Credit (EIC) – If you earned less than \$37,263 (less than \$11,750 if you do not have any qualifying children), you may be eligible to get the EIC to reduce the federal tax you owe, or get a refund if you do not owe any federal tax. Call the IRS at (800) 829-4477 and enter topic 601 when instructed, or see your federal income tax booklet. There is no comparable state credit.

Refund of Excess State Disability Insurance (SDI) – You may be eligible for a refund of excess SDI if you had at least two employers during 2005 who together paid you more than \$79,418 in wages. See the instructions on page 13 (Form 540A) or on page 21 (Form 540).

Homeowner and Renter Assistance (HRA) – This California program provides a once-a-year state payment to qualifying homeowners and renters based on the property tax they paid in the prior year. See page 73.

What's New and Other Important Information for 2005?

Differences between California and Federal Law

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information regarding California and federal law, please visit our Website at www.ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, *Supplemental Guidelines to California Adjustments*, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

Note, the instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

2005 Tax Law Changes

Recently enacted legislation changes California's specified date of conformity to federal income tax laws from January 1, 2001 to January 1, 2005. This date change, in general, conforms to numerous changes made in the federal income tax law during that four-year period. For the most current information regarding specific provisions of conformity and non-conformity as it relates to this date change, please visit our Website at www.ftb.ca.gov and search for **conformity**.

California conforms to federal law for the following:

- For purposes of the Child and Dependent Care Expenses Credit, compensation received by a member of the armed forces for active service shall be considered earned income whether or not the member is domiciled in this state;
- An exclusion for qualified foster care payments;
- The uniform definition of a child; and
- Qualifying expenses associated with the adoption of children with special needs.

Head of Household Filing Status

Beginning in 2005, for a child to qualify as your foster child for head of household purposes, the child must either be placed with you by an authorized placement agency or by order of a court.

If you are unmarried, your unmarried child no longer qualifies you for head of household filing status if he or she is 19 years of age or older, is not a student, and has gross income equal to or greater than the federal exemption amount (\$3,200 in 2005). In addition, if you are unmarried, your unmarried child also no longer qualifies you for the status if he or she is under 19 years of age or a student under 24 and pays more than half of his or her own support.

Dependent Exemption Credit

If you are unmarried, you are no longer entitled to a dependent exemption credit for your unmarried child who is 19 years of age or older, is not a student, and has gross income equal to or greater than the federal exemption amount (\$3,200 in 2005). In addition, if you are unmarried, you are also no longer entitled to a dependent exemption credit for your unmarried child who is

under 19 or a student under 24 who pays more than half of his or her own support.

California does not conform to federal law for the following:

- Exclusion from gross income of certain federal subsidies for prescription drug plans;
- Exclusion of survivor benefits attributable to service by a public safety officer who is killed in the line of duty before January 1, 1997;
- Recovery period for depreciation of certain leasehold improvements and restaurant property.

Other Federal Conformity Items

California conforms to federal law to allow the following:

- California conforms to the Federal statutes that limit or preempt California's ability to tax the California source income of certain nonresidents employed in interstate commerce and members of the armed forces.

Federal Non-conformity Items

- California does not conform to Federal law with regards to income attributable to domestic production activities.
- The exclusion of settlement payments including related interest received by an eligible individual defined as a person persecuted on the basis of race or religion by the regime that was in control of the Ottoman Turkish Empire from 1915-1923.

Mental Health Services Tax

Proposition 63, approved by voters on November 2, 2004, enacted the Mental Health Services Act, which imposes an additional 1% tax on taxable incomes over \$1,000,000. Please refer to the worksheet on page 13 (Form 540A) or on page 20 (Form 540) to compute the additional tax.

Underpayment of Estimated Tax Penalty

For taxable years beginning on or after January 1, 2005, the underpayment of estimated tax penalty shall not apply to the extent the underpayment of an installment was created or increased by any provision of law that is chaptered during and operative for the taxable year of the underpayment. To request a waiver of the underpayment of estimated tax penalty, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fisherman.

Shasta County Wildfires/Southern California Flooding

If you were a victim of the Shasta County Wildfires, Southern California Flooding, Debris Flows or Mudslides, get FTB Pub. 1034, *How to Claim a State Tax Deduction for your Disaster Loss*, for more information.

Amnesty

Recently enacted law provides clarification and relief for taxpayers who participated in the 2005 California State Amnesty program. For more information visit our Website at www.ftb.ca.gov and search for the **Amnesty** link.

Tax Shelter

If you were involved in a potentially abusive tax shelter, then you may have a disclosure, registration, and/or a list maintenance requirement. Attach the IRS Form 8886 to the back of your California return along with your other supporting schedules. If this is the first time the reportable transaction is disclosed on the return, then send a duplicate copy of the Form 8886 to the address below. The Franchise Tax Board may impose several new penalties if you fail to file IRS Forms 8886, 8264, or any other required information.

Tax Shelter Filing
Franchise Tax Board
PO Box 1673
Sacramento CA 95812-1673

For more information, see Registration and Reporting Requirements under Abusive Tax Shelters on our Website at www.ftb.ca.gov.

Other Important Information

New California Form Sch W-2

For taxable years beginning on or after January 1, 2005, you can use the CA Sch W-2 to report certain W-2 information. You should attach this schedule to side 2 of your income tax return. You can keep your W-2's for your own records. This is an optional form, as you can still attach your W-2's to the front of your return if you choose not to complete the CA Sch W-2.

Prior Name Line

There is a new line on Form 540A and 540 for taxpayers who may have filed their 2004 income tax returns under a different last name. If you had a different last name, please write the last name **only** from your 2004 tax return on this new line.

New Voluntary Contribution Funds

You may make voluntary contributions to the following funds:

- Veterans' Quality of Life Fund
- California Sexual Violence Victim Services Fund
- California Colorectal Cancer Prevention Fund

Natural Heritage Preservation Credit – The funding for the Natural Heritage Preservation Credit is available beginning January 1, 2005.

Environmental Tax Credit – For taxable years beginning on or after July 1, 2005, California allows an environmental tax credit in an amount equal to five cents (\$.05) for each gallon of ultra low sulfur diesel fuel produced during the taxable year by a small refiner at any facility located in California. The aggregate credit cannot exceed 25 percent of the qualified capital costs incurred by the small refiner with respect to that facility, reduced by the aggregate credits determined for all prior taxable years with respect to that facility. See form FTB 3511, Environmental Tax Credit, for more information.

Net Operating Loss (NOL)

For taxable years beginning on or after January 1, 2004, California has reinstated the Net Operating Loss (NOL) carryover deduction. The carryover periods for NOL deductions that were incurred:

- beginning before January 1, 2002, has been extended for two years.
- beginning on or after January 1, 2002, and before January 1, 2003, has been extended for one year.

Charitable Contribution for the 2004 Tsunami Disaster – If you reported a charitable contribution deduction for the relief of victims in the Tsunami Disaster in 2004, you are not allowed a deduction for the same charitable contribution in 2005. However, if you made additional charitable contributions that were not claimed as a deduction in 2004, these additional contributions may be reported as a deduction in 2005.

Katrina Tax Relief Act – As of the date of publishing, California has not conformed to any of the federal law changes made under the Katrina Emergency Tax Relief Act of 2005. However, California will follow federal policy by allowing special tax relief for California taxpayers affected by Hurricane Katrina in the federally declared disaster areas for the items listed below:

- Extended due dates for filing tax returns and paying taxes;
- Donations of approved employee leave time program;
- Qualified distributions from qualified pension plans.

For more information related to Hurricane Katrina, visit the FTB Website at www.ftb.ca.gov and see Disaster loss under the Filing tab.

Common Errors and How to Prevent Them

Help us process your return quickly and accurately. When we find an error, we must stop to verify the information on the return, which slows processing. The most common errors are claiming the wrong estimated tax payments, claiming the wrong exemption credit, claiming the wrong amount of real estate withholding, and making tax computation errors.

To avoid these errors and help us process your return faster, please use these helpful hints when preparing your return. When claiming estimated payments:

- Verify that the amount of estimated payments claimed on your return matches what you sent to the FTB for that year.
Check our Website at www.ftb.ca.gov and select "Check your account" to view your total estimate payments before you file your return.
- If the amount of estimated payments claimed on your tax return does not match FTB records, you will receive a Return Information Notice to explain the difference.

When totaling your exemptions:

- Be sure to add the exemption amounts correctly and transfer the total exemption amount to the correct line of the return. (See the individual line instructions for assistance).

When computing your tax:

- Check our Website at www.ftb.ca.gov and access the automated tax table to compute your tax, or
- Make sure to locate the correct tax amount from the tax table (in this booklet) and transfer it to your return correctly.

When claiming real estate withholding:

- Remember to claim the amount of withholding from real estate sold in California during 2005. Your escrow company should provide you with a California Form 593-B, Real Estate Withholding Tax Statement, indicating the amount withheld. For details, see the Form 540 line 40 instructions on page 21.
By using the helpful hints listed above, you can prevent delays in processing your return and unnecessary account adjustments

Do I Have to File?

Steps to Determine Filing Requirement

Step 1: Is your gross income (see footnote 1 below) more than the amount shown in the California Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, go to Step 2.

Step 2: Is your adjusted gross income (see footnote 2 below) more than the amount shown in the California Adjusted Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, you do not have a filing requirement.



Even if you do not have a filing requirement based on the chart below, you should file a return to get a refund if California state income tax was withheld from your pay, if you made California estimated tax payments or, if you had real estate withholding. Try e-file! It's fast, easy and convenient, and there are several free options. Go to www.ftb.ca.gov for the details.

On 12/31/05, my filing status was:	and on 12/31/05, my age was ⁶ :	California Gross Income ¹			California Adjusted Gross Income ²		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of household ³	Under 65	13,085	22,152	28,952	10,468	19,535	26,335
	65 or older	17,435	24,235	29,675	14,818	21,618	27,058
Married filing jointly Married filing separately ⁴	Under 65 (both spouses)	26,170	35,237	42,037	20,935	30,002	36,802
	65 or older (one spouse)	30,520	37,320	42,760	25,285	32,085	37,525
	65 or older (both spouses)	34,870	41,670	47,110	29,635	36,435	41,875
Qualifying widow(er)	Under 65		22,152	28,952		19,535	26,335
	65 or older		24,235	29,675		21,618	27,058
Dependent of another person Any filing status	Any age	More than your standard deduction ⁵					

¹ **Gross income** is all income you received from all sources in the form of money, goods, property, and services that are not exempt from tax. Gross income does not include any adjustments or deductions.

² **Adjusted gross income** is your federal adjusted gross income from all sources reduced or increased by all California income adjustments.

³ See Filing Status instructions on page 9.

⁴ The income of both spouses must be combined; both spouses may be required to file a return even if only one spouse had income over the amounts listed.

⁵ Use the California Standard Deduction Worksheet for Dependents on page 12 or page 18 to figure your standard deduction.

⁶ If your 65th birthday is on January 1, 2006, you are considered to be age 65 on December 31, 2005.

Requirements for Children with Investment Income

California law is the same as federal law for the income of children under age 14. For each child under age 14 who received more than \$1,600 of investment income in 2005, complete Form 540 and form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child.

Note: If you qualify, you may elect to report your child's income of \$8,000 or less (but not less than \$800) on your return by completing form FTB 3803, Parents' Election to Report Child's Interest and Dividends. To make this election, your child's income must be **only** from interest and/or dividends. See "Order Forms and Publications" on the back cover or go to our Website at www.ftb.ca.gov.

Other Situations When You Must File

If you owe any of the following taxes for 2005, you must file Form 540.

- Tax on a lump-sum distribution;
- Tax on a qualified retirement plan including an Individual Retirement Arrangement (IRA) or an Archer Medical Savings Account (MSA);
- Tax for children under age 14 who have investment income greater than \$1,600 (see paragraph above);
- Alternative minimum tax;
- Recapture taxes;
- Deferred tax on certain installment obligations; or
- Tax on an accumulation distribution from a trust.

Which Form Should I Use?



e-file and you won't have to decide which form to use! The software will select the correct form for you.

Were you, and your spouse if married, residents during the entire year 2005?

Yes. Check the chart below to see which form to use.

No. You must use the Long or Short Form 540NR. To download or order the California Nonresident or Part-Year Resident Income Tax Booklet, see page 74, "Where to Get Income Tax Forms and Publications."

	Form 540 2EZ	Form 540A	Form 540
Filing Status	Form not included in this booklet. *See the note at the bottom of this column. Single, married filing jointly, head of household, qualifying widow(er)	Any filing status	Any filing status
Dependents	0-3 allowed	All dependents you are entitled to claim	All dependents you are entitled to claim
Amount of Income	Total income of: • \$100,000 or less if single or head of household • \$200,000 or less if married filing jointly or qualifying widow(er)	Any amount of income	Any amount of income
Sources of Income	Only income from: • Wages, salaries, tips • Taxable interest, dividends, and pensions • Taxable scholarship and fellowship grants (only if reported on Form(s) W-2) • Unemployment compensation • Paid family leave • U.S. social security benefits • Tier 1 and tier 2 railroad retirement payments Note: You cannot use Form 540 2EZ if you (or your spouse, if married) can be claimed as a dependent by another taxpayer, and your TOTAL income is less than or equal to \$10,804 if single; \$21,558 if married filing jointly or qualifying widow(er); or \$15,258 if head of household.	Only income from: • Wages, salaries, tips • Taxable scholarship and fellowship grants • Interest and dividends • Unemployment compensation reported on Form 1099-G • Paid family leave • U.S. social security benefits • Tier 1 and tier 2 railroad retirement payments • Fully and partially taxable IRA distributions, pensions, and annuities • Alimony	All sources of income
Adjustment to Income	No adjustments to income	Allowed if the amount is the same as your federal adjustments to income. Note: If you claimed educator expenses or the tuition and fees deduction, do not file Form 540A. Instead file Form 540.	All adjustments to income
Standard Deduction	Allowed	Allowed	Allowed
Itemized Deductions	No itemized deductions	Allowed if the amount is the same as your federal itemized deductions (except for state, local, and foreign taxes paid)	All itemized deductions
Payments	Only withholding shown on Form(s) W-2 or CA Sch W-2	• Withholding shown on Form(s) W-2, CA Sch W-2, W-2G, and 1099-R • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)	• Withholding shown on Form(s) W-2, CA Sch W-2, W-2G, 1099, 592-B, 593-B, and 594 • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)
Tax Credits	• Personal exemption credit • Up to three dependent exemption credits • Nonrefundable renter's credit • Senior exemption credit	• Personal exemption credit • Senior exemption credit • Blind exemption credit • Dependent exemption credit • Nonrefundable renter's credit • Child and Dependent Care Expenses Credit	All tax credits
Other Taxes	Only tax computed using the 540 2EZ Table *Note: If you qualify to use Form 540 2EZ, go to www.ftb.ca.gov to e-file or to download this form, or see "Order Forms and Publications" on the back cover.	• Tax computed using the tax table • Mental Health Services Tax	All taxes: • Tax computed using the tax table • Alternative minimum tax • Tax on early distributions from IRAs or other qualified retirement plans • Tax on distributions from MSAs and education IRAs • Tax for children under age 14 with investment income of more than \$1,600 • Tax on lump-sum distributions • Recapture taxes • Deferred tax on certain installment obligations • Tax on accumulation distributions of trusts • Mental Health Services Tax
	If you qualify to use 540 2EZ or 540A, go to www.ftb.ca.gov to CalFile or e-file. You're likely to qualify for free!		

Helpful Hints (save time and e-file! See www.ftb.ca.gov)

e-file your return

- e-file for free. Go to www.ftb.ca.gov to review your e-file options.
- Get your refund fast within 5-7 days with e-file and direct deposit.
- No complicated calculations because the math is done for you.

Filling in your return

- Use only black or blue ballpoint pen on the copy you send us.
- Enter your social security number(s) or Individual Taxpayer Identification Number(s) at the top of Form 540A or Form 540, Side 1.
- Print numbers and CAPITAL LETTERS on combed lines. Be sure to line up dollar amounts.
- Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25.
- If you do not have an entry for a line, leave it blank unless the instructions for a line specifically tell you to enter zero. Do not enter a dash.
- Attach your label. If you don't have a label, please print your name(s) and address in CAPITAL LETTERS, see example below.

Your first name	Initial	Last name
J O H N	A	D O E

Is your name or address too long to fit in the combed lines provided? Do not shorten your name or address. Instead, ignore the combed lines and fit the information in the space provided. **Example:** Jonathan A. Ziggzephyrstone would enter his name as follows:

Your first name	Initial	Last name
JONATHAN	A	ZIGGZEPHYRSTONE

Verify the following information

Use your first name, middle initial, last name, and complete address, including ZIP Code.

If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

Make sure you entered your social security number and that it agrees with your social security card. If you file a joint return, make sure that you enter the social security numbers in the same order that your names are shown.

Make sure you meet all the requirements for your filing status. For more information regarding filing status, see the instructions on page 9.

Take your personal exemption credit to reduce your tax. See the instructions for Form 540A, line 18 or Form 540, line 21.

Check other areas

Federal Adjusted Gross Income: Double-check that you correctly transferred your federal adjusted gross income from your federal Form 1040EZ, line 4; Form 1040A, line 21; or Form 1040, line 37.

California Standard Deduction: Make sure you entered the California standard deduction amount and not the federal amount.

Itemized Deductions: Be sure you reduced your federal itemized deductions by the amount of state and local income taxes you claimed on your federal Schedule A. Form 540 filers, use Schedule CA (540), Part II, on page 30. Form 540A filers, see page 11.

Double-check your math: Double-check each subtraction, addition, and any other calculation.

Paid Preparer's Information: If you pay a person to prepare your California income tax return, that person must sign and complete the area at the bottom of Side 2, including an identification number (social security number, PTIN, or FEIN). A paid preparer must give you two copies of your return, one copy to file with FTB, and one copy to keep for your records.

Attachments to your return

Do I need to attach a copy of federal Form 1040?

Form 540A Filers:

Do not attach a copy of your federal 1040 return to Form 540A.

Form 540 Filers:

Did you attach any federal forms or schedules other than Schedule A or Schedule B to your federal Form 1040?

If **No**, do not attach a copy of your federal 1040 return to Form 540.

If **Yes**, attach a copy of your federal 1040 return and all supporting federal forms and schedules to Form 540.

Exception: If you did not itemize deductions on your federal tax return but will itemize deductions on your California tax return, complete and attach a copy of the federal Schedule A to Form 540.

Note: Please do not attach any documents to your return unless specifically instructed. This will help us reduce government processing and storage costs.

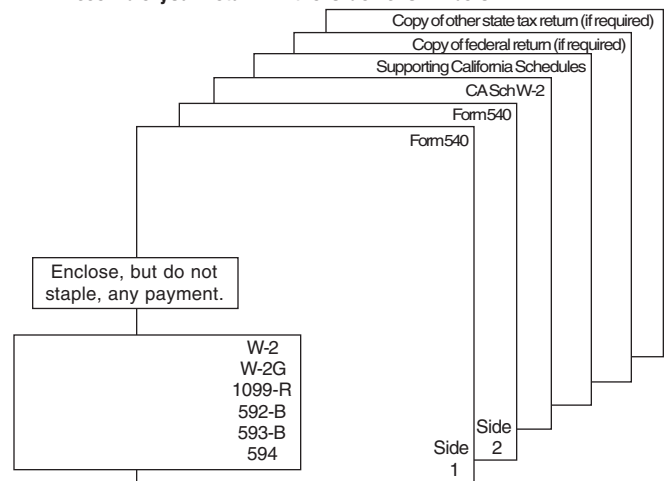
Form(s) W-2, W-2G, 592-B, 593-B, 594, and 1099: Make sure to attach all the Form(s) W-2 and W-2G you received to the front of your return where it says "Attach copy of your Form(s) W-2, W-2G, 592-B, 593-B, and 594." Also, attach any Form(s) 1099 showing California income tax withheld. If you completed CA Sch W-2, attach CA Sch W-2 behind Side 2 of the tax return.

If you do not receive your Form(s) W-2 by January 31, 2006, contact your employer. Only your employer can issue or correct a Form W-2. If you cannot get a copy of your Form W-2, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc. See "Order Forms and Publications" on the back cover or go to our Website at www.ftb.ca.gov.

If you forget to send your Form(s) W-2 or other withholding forms with your income tax return, do not send them separately, or with another copy of your return. Wait until the Franchise Tax Board requests them from you.

Assembling your return

Assemble your return in the order shown below.



Mailing your return

Mail your return using the envelope provided in this booklet. If your return shows a **refund or no amount due**, be sure to attach the green label to the front of the envelope. The address is:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0002

If your return has an **amount due**, be sure to attach the white label to the front of the envelope. The address is:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

Instructions for Form 540A — California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of January 1, 2005, and the California Revenue and Taxation Code (R&TC).

Before You Begin

You must complete your federal tax return (Form 1040, 1040A or 1040EZ) before you begin your California Form 540A. You will use information from your federal income tax return to complete your Form 540A. Be sure to complete and mail Form 540A by April 17, 2006. If you cannot mail your return by the due date, see page 2.



You may qualify for the federal earned income credit. See page 2 for more information. There is no comparable state credit.

Name(s) and Address

Is there a label with your name and address on the front of your booklet?

Yes. Attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information on the label.

No. Print your first name, middle initial, last name, and address in the spaces provided at the top of Form 540A. See page 8, Helpful Hints, "Filling in your return."

Private Mail Box. If you lease a private mailbox (PMB) from a private business rather than a P.O. box from the United States Postal Service, include the box number in the address area labeled "PMB no."

Foreign Address. Enter the information in the following order: City, Country Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.

Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)

Enter your social security number (SSN) in the spaces provided. To protect your privacy, your SSN is not printed on your label. If you file a joint return, enter the SSNs in the same order as the names.

Note: If you do not have a social security number because you are a nonresident or resident alien for federal tax purposes, and the IRS issued you an Individual Taxpayer Identification Number (ITIN), enter the ITIN in the space for the SSN. An ITIN is a tax processing number issued by the IRS to foreign nationals and others who have a federal tax filing requirement and do not qualify for a social security number. It is a nine-digit number that always starts with the number 9.

Prior Name

If you filed your 2004 tax return under a different last name, write the last name **only** from your 2004 return.

Filing Status

Fill in only one of the circles for line 1 through line 5. Be sure to enter the required additional information if you filled in the circle on line 3 or line 5.

You must use the same filing status for California that you used for your federal income tax return.

Exception: If you file a joint return for federal, you may file separately for California if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 2005; or
- A nonresident for the entire year and had no income from California sources during 2005.

Caution – Community Property States: If the spouse earning the California source income is domiciled in a community property state, community income will be split equally between the spouses. Both spouses will have California source income and they will not qualify for the nonresident spouse exception.

If you had no federal filing requirement, use the same filing status for California you would have used to file a federal income tax return.

Note: If you filed a joint return and either you or your spouse was a nonresident for 2005, you must file the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

Line 1 – Single

Fill in the circle on line 1 if **any** of the following was true on December 31, 2005:

- You were never married;
- You were either divorced under a final decree of divorce or legally separated under a final decree of legal separation or final decree of separate maintenance; or
- You were widowed before January 1, 2005, and did not remarry in 2005.

Line 2 – Married Filing Jointly

Fill in the circle on line 2 if **any** of the following is true:

- You were married as of December 31, 2005, even if you did not live with your spouse at the end of 2005;
- Your spouse died in 2005 and you did not remarry in 2005; or
- Your spouse died in 2006 before you filed a 2005 return.

Line 3 – Married Filing Separately

If you fill in the circle on line 3, be sure to enter your spouse's full name on line 3 and social security number or Individual Taxpayer Identification Number.

Note:

- Community property rules apply to the division of income if you use the married filing separately status. For more information, get FTB Pub. 1031, *Guidelines for Determining Resident Status*, FTB Pub. 1051A, *Guidelines for Married Filing Separate Returns*, or FTB Pub. 1032, *Tax Information for Military Personnel*. See "Order Forms and Publications" on the back cover.
- You cannot claim a personal exemption credit for your spouse even if your spouse had no income, is not filing a return, and is not claimed as a dependent on another person's return.
- You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the entire last six months of 2005.

Line 4 – Head of Household

This filing status is for unmarried individuals and certain married individuals living apart (considered unmarried) who provide a home for certain other persons. You are entitled to use the head of household filing status only if **all** of the following apply:

- You were unmarried or considered unmarried on December 31, 2005;
- You paid more than one-half the cost of keeping up a home for the year 2005;
- For more than half the year, your home was the main home for you and another person who lived with you;
- The other person was your qualifying relative; and
- You were not a nonresident alien at any time during the year.

For further information, go to our Website at www.ftb.ca.gov or get FTB Pub. 1540, *California Head of Household Filing Status Information*. See code 934 on the back cover to order FTB Pub. 1540 by telephone.



CalFile or e-file and you can close this book now! The software you use to e-file will help you find out if you qualify to claim the head of household filing status. Most software companies also include the Head of Household Schedule (4803e), which will help verify your eligibility to the FTB. Go to our Website at www.ftb.ca.gov.

Line 5 – Qualifying Widow(er) with Dependent Child

Fill in the circle on line 5 and use the joint return tax rates for 2005 if **all five** of the following apply:

- Your spouse died in 2003 or 2004 and you did not remarry in 2005; and
- You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent; and
- This child lived in your home for all of 2005. Temporary absences, such as for vacation or school, count as time lived in the home; and
- You paid over half the cost of keeping up your home for this child; and
- You could have filed a joint return with your spouse the year he or she died, even if you actually did not do so.

Note: If your spouse died in 2005, see the instructions for line 2 and line 3.

Exemptions**Line 6 – Can be Claimed as Dependent**

Fill in the circle on line 6 if your parent (or someone else) can claim you as a dependent on his or her tax return, even if he or she chooses not to.

Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

No Follow the instructions on Form 540A, line 7.

Yes Ignore the instructions on Form 540A, line 7. Instead, enter in the box on line 7 the amount shown below for your filing status:

- Single or married filing separately, enter -0-; or
- Head of household, enter -0-.

Caution: You may not claim this credit if someone else can claim you as a dependent on his or her return.

Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540A indicating you or your spouse are visually impaired. Visually impaired means you cannot see better than 20/200 while wearing glasses or contact lenses, or that your field of vision is not more than 20 degrees.

Caution: You may not claim this credit if someone else can claim you as a dependent on their return.

Line 9 – Senior Exemptions

If you were 65 years of age or older by December 31, 2005*, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit. You may contribute all or part of this credit to the California Seniors Special Fund. See page 28 for information about this fund.

*If your 65th birthday is on January 1, 2006, you are considered to be age 65 on December 31, 2005.

Caution: You may not claim this credit if someone else can claim you as a dependent on their return.

Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. If additional space is needed, attach a separate sheet of paper. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Multiply the number you entered by the pre-printed dollar amount and enter the result.

Line 11 – Total Personal, Blind, and Senior Exemptions

Enter the total dollar amount of all exemptions, personal and dependents.

Taxable Income and California Income Adjustments

Refer to your completed federal income tax return to complete line 12a and line 12b.

Line 12a – State Wages

Enter the total amount of your state wages from each of your Form(s) W-2, box 16 or the CA Sch W-2, line C.

If you received wages and do not have a Form W-2, see "Attachments to your return" on page 8.

Line 13 – California Income Adjustments

California does not tax certain types of income that are taxable on your federal return.

Line 13a – State Income Tax Refund

Enter the amount of any state income tax refund shown on your federal Form 1040, line 10. If you filed Form 1040A or Form 1040EZ, enter -0-.

Line 13b – Unemployment Compensation

Enter the total of any unemployment compensation and/or Paid Family Leave Insurance benefits reported on federal Form(s) 1099-G and shown on your federal return. These types of income are not taxed by California and should be included on line 13b and in the total for line 13g.

Line 13c – Social Security Benefits (and tier 1 or tier 2 railroad retirement benefits)

- Enter the amount of U.S. social security benefits or equivalent Tier 1 railroad retirement benefits reported on federal Form 1040A, line 14b or 1040 line 20b.
- Tier 1 (non-social security equivalent) and tier 2 railroad retirement benefits included in the amount on federal Form 1040A, line 12b or Form 1040, line 16b.

Note: Do not include any other pension amounts on this line.

If you filed Form 1040EZ, enter -0-.

Line 13d – California Nontaxable Interest or Dividend Income

California does not tax interest earned from:

- United States savings bonds;
- United States Treasury bills, notes, and bonds; and
- Bonds or obligations of United States territories, and government agency obligations specifically exempted by federal law.

Enter only the amount of interest that you received from these sources and that you included in the amount reported on your federal Form 1040A, line 8a; Form 1040, line 8a; or Form 1040EZ, line 2.

Interest from municipal or state bonds from a state other than

California: This interest is taxed by California. You may not use Form 540A. Use Form 540, e-file, or CalFile.

Interest from Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporation (FHLMC) securities: This interest is taxed by California. Do not enter it on line 13d.

Exempt-interest dividends from mutual funds: Certain mutual funds are qualified to pay "exempt-interest dividends" if **at least 50%** of their assets consist of tax-exempt government obligations. The portion of the dividends that are tax-exempt will be shown on your annual statement from the mutual fund. If the amount of California tax-exempt interest is more than the amount of federal tax-exempt interest, enter the difference on line 13d. If the amount of California tax-exempt interest is less than the amount of federal tax-exempt interest, you may not use Form 540A. Use Form 540, e-file, or CalFile.

Line 13e – California Individual Retirement Arrangement (IRA) Distributions

There may be differences between the taxable amounts of federal and California IRA distributions, pensions, and annuities. Enter any differences for line 13e and line 13f.

Note: You cannot use Form 540A if you have Roth IRA conversions or distributions. Use Form 540, e-file, or CalFile.

The method of taxing IRA distributions is generally the same for California and federal purposes. However, there may be significant differences in the taxable amount depending on when you made your contributions.

The maximum IRA contribution you were allowed to deduct for California was less than the maximum amount allowed for federal for years 1975 and 1982 through 1986. If you made contributions during these years, report the difference between the deduction you took for federal and the deduction you took for California on this line. For more information, get FTB Pub. 1005, *Pension and Annuity Guidelines*. See "Order Forms and Publications" on the back cover.

Report the difference between your California and your federal taxable IRA distributions on line 13e. Be sure to attach Form 1099-R to your Form 540A if tax was withheld.

Line 13f – Non-taxable Pensions and Annuities

Generally, you will not make any adjustments on this line. You should not make an adjustment solely because the pension was earned in another state. Federal and State tax laws require that California residents pay state income tax on all taxable pensions, regardless of where they were earned. However, California law treats railroad retirement benefits differently. If you received tier 2 railroad retirement benefits, tier 1 (non-social security equivalent) (included in the amount on federal Form 1040A, line 12b or Form 1040, line 16b), or partially taxable distributions from a pension plan, you may need to make the adjustment described on this page.

If you received a federal Form RRB 1099 – R for railroad retirement benefits and included all or part of these benefits in federal adjusted gross income on line 12b, enter the taxable benefit amount on line 13f.

If you began receiving a retirement annuity between July 1, 1986, and January 1, 1987, and you elected to use the three-year recovery rule for California, you must make an adjustment because your federal taxable amount is less than your California taxable amount. Figure the difference between the gross distribution shown on your Form 1099-R, box 1 and the taxable amount shown in box 2a. Enter the difference in parentheses on line 13f. For example: "(12,325)."

If you received a lump-sum distribution from a profit sharing or retirement plan, you may pay less tax on the distribution if you choose the 10-year averaging method. However, you must file Form 540 to use this method. See the instructions for Form 540 and get Schedule G-1, Tax on Lump-Sum Distributions (not in this booklet), for more information. See "Order Form and Publications" on the back cover.

California law now conforms to certain provisions of the Internal Revenue Code related to pension plans and deferred compensation, as those provisions apply for federal purposes including amendments to the Internal Revenue Code that may be enacted in the future.

Line 13g – Total California Adjustments

Combine line 13a through line 13f. If the result is less than zero, enter the amount in parentheses, on Form 540A, Side 1, line 13g. For example, "(13,325)."

Line 14 – California Adjusted Gross Income

Subtract line 13g from line 12b. If line 13g is in parentheses, treat the amount as a positive number and add it to the amount on line 12b. Enter the result on line 14.

Line 15 – California Itemized Deductions or California Standard Deduction

You must decide whether to itemize your actual charitable contributions, medical expenses, interest paid, taxes, etc., or take the standard deduction. Your California income tax will be less, if you take the **larger** of:

- Your California itemized deductions; or
- Your California standard deduction.

If you are married and file a separate return, you and your spouse must either both itemize your deductions, or both take the standard deduction.

Also, if someone else can claim you as a dependent, you may claim the greater of the standard deduction or your itemized deductions. To figure your standard deduction, see the California Standard Deduction Worksheet for Dependents on page 12.

Itemized deductions. Figure your California itemized deductions by completing the California Itemized Deductions Worksheet on page 12. Enter the result on Form 540A, line 15.

Note: If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540A, first complete a federal Schedule A, Itemized Deductions. Then complete the California Itemized Deductions Worksheet on page 12. Do not attach federal Schedule A to your Form 540A.

Standard deduction. Find your standard deduction on the California Standard Deduction Chart for Most People on this page unless you filled in the circle on Form 540A, line 6. In that case, use the California Standard Deduction Worksheet for Dependents on page 12.

California Standard Deduction Chart for Most People

Do not use this chart if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

Your Filing Status	Enter On Line 15
1 – Single	\$3,254
2 – Married filing jointly	\$6,508
3 – Married filing separately	\$3,254
4 – Head of household	\$6,508
5 – Qualifying widow(er)	\$6,508

Note: The California standard deduction amounts are less than the federal standard deduction amounts.

Note: If you filled in the circle on Form 540A, line 6, enter your wages, salaries, and tips on the California Standard Deduction Worksheet for Dependents, line 1 on page 12. If you have earned income other than wages, then you must file Form 540 and use the standard deduction worksheet for that form.

California Standard Deduction Worksheet for Dependents

Use this worksheet only if your parent, or someone else, can claim you (or your spouse if married) as a dependent on his or her tax return.

1. Enter your total wages, salaries, and tips from all your Form(s) W-2, box 1 or CA Sch W-2, line C. (You may also refer to federal Form 1040EZ, line 1; Form 1040A, line 7; or Form 1040, line 7.) 1 _____
2. 2 \$250.00
3. Add line 1 and line 2. Enter total here 3 _____
4. Minimum standard deduction 4 \$800.00
5. Enter the **larger** of line 3 or line 4 here 5 _____
6. Enter the amount shown for your filing status:
 - Single or married filing separately, enter \$3,254
 - Married filing jointly, head of household, or qualifying widow(er) enter \$6,508
 } ... 6 _____
7. **Standard deduction.** Enter the **smaller** of line 5 or line 6 here and on Form 540A, line 15 . 7 _____

California Itemized Deductions Worksheet

1. Federal itemized deductions: Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27 1 _____
2. Add the following amounts from federal Schedule A and enter on line 2:
 - Line 5, state and local income tax or general sales tax: _____
 - State Disability Insurance (SDI): _____
 - Line 8, foreign income taxes: _____
 2 _____
3. Subtract line 2 from line 1. This amount is your total California **itemized deductions** 3 _____
4. Is the amount on Form 540A, line 12b, more than the amount shown below for your filing status?
 - Single or married filing separately \$143,839
 - Married filing jointly or qualifying widow(er) \$287,682
 - Head of household \$215,762**Yes** Continue to line 5 of this worksheet
No Enter on Form 540A, line 15, the larger of:
 - The amount on line 3; or,
 - Your standard deduction* shown below:
 - Single or married filing separately \$3,254
 - Married filing jointly, head of household, or qualifying widow(er) \$6,508**Do not complete the rest of this worksheet.**
5. Using California amounts, add the amounts on federal Schedule A, line 4, line 13, line 19, and any gambling losses included on line 27 .. 5 _____
6. Subtract line 5 from line 3 6 _____

Note: If -0-, skip line 7 through line 12, enter the amount from line 3 on line 13 and continue to line 14.
7. Multiply line 6 by 80% (.80) 7 _____
8. Amount from Form 540A, line 12b 8 _____
9. Enter the amount shown below for your filing status 9 _____
 - Single or married filing separately \$143,839
 - Married filing jointly or qualifying widow(er) \$287,682
 - Head of household \$215,762
10. Subtract line 9 from line 8 10 _____

Note: If -0- or less, skip line 11 and line 12, enter the amount from line 3 on line 13 and continue to line 14.

(continued on next column)

11. Multiply line 10 by 6% (.06) 11 _____
12. Compare line 7 and line 11. Enter the smaller amount here 12 _____
13. Total itemized deductions. Subtract line 12 from line 3 13 _____
14. Enter on Form 540A, line 15, the larger of:
 - The amount on line 13; or,
 - Your standard deduction* shown below:
 - Single or married filing separately \$3,254
 - Married filing jointly, head of household, or qualifying widow(er) \$6,508

***Standard Deduction for Dependents**

If your parent, or someone else, can claim you as a dependent, use the standard deduction amount from line 7 of the "California Standard Deduction Worksheet for Dependents" on this page instead of the standard deduction amount shown above.

Tax and Credits

First figure your tax. Be sure to use the correct filing status and taxable income amount. Then make sure you qualify to claim your credits.

Line 17 – Tax

If your taxable income on line 16 is:

- \$100,000 or less, you must use the tax table beginning on page 60. Be sure to use the correct column for your filing status.
- Over \$100,000, you must use the tax rate schedules on page 75. Be sure to use the correct tax rate schedule.

Note: To prevent possible delays in processing your return or refund, be sure to enter the correct tax amount on line 17. To automatically figure your tax or to verify your tax calculation, use our online tax calculator by visiting our Website at www.ftb.ca.gov.

Line 18 – Exemption Credits

Use your exemption credits to reduce your tax. If your federal adjusted gross income (AGI) on line 12b is more than the amount shown below for your filing status, your credits will be limited.

If your filing status is: Is Form 540A, line 12b more than:

Single or married filing separately	..... \$143,839
Married filing jointly or qualifying widow(er)	..... \$287,682
Head of household	..... \$215,762

Yes Complete the AGI Limitation Worksheet on this page.

No Follow the instructions shown on Form 540A, line 18.

AGI Limitation Worksheet

- a. Enter the amount from Form 540A, line 12b a _____
- b. Enter the amount for your filing status on line b b _____
 - Single or married filing separately ... \$143,839
 - Married filing jointly or qualifying widow(er) \$287,682
 - Head of household \$215,762
- c. Subtract line b from line a c _____
- d. Divide line c by \$2,500 (\$1,250 if married filing separately) d _____

Note: If the result is not a whole number, round it to the next higher whole number.
- e. Multiply line d by \$6 e _____
- f. Add the numbers from the boxes on Form 540A, line 7, line 8, and line 9 (not the dollar amounts) . f _____
- g. Multiply line e by line f g _____
- h. Enter the total dollar amount for line 7, line 8, and line 9 h _____
- i. Subtract line g from line h. If zero or less, enter -0- i _____
- j. Enter the number from the box on Form 540A, line 10 (not the dollar amount) j _____

(continued on next page)

k	Multiply line e by line j	.....	k	_____
l	Enter the dollar amount (that you filled in) from Form 540A, line 10	.....	l	_____
m	Subtract line k from line l. If zero or less, enter -0-	.....	m	_____
n	Add line i and line m. Enter the result here and on Form 540A, line 18	.....	n	_____

Line 19 – Nonrefundable Renter's Credit

Did you pay rent for at least six months in 2005 on your principal residence located in California?

Yes You may qualify to claim this credit which may reduce your tax. Complete the qualification record on page 27.

No Go to line 20.

Line 22 – Mental Health Services Tax

If your taxable income is more than \$1,000,000, compute the Mental Health Services Tax below:

A.	Taxable income from Form 540A, line 16	.....
B.	Less	.....	\$(1,000,000)
C.	Subtotal	.....
D.	Multiply line C by 1%	.....	x .01
E.	Mental Health Service Tax – Enter this amount on line 22	.....

Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 25 through line 36.

Line 25 – California Income Tax Withheld

Enter the total California income tax withheld on your:



- Form(s) W-2, box 17 or CA Sch W-2
- Form(s) W-2G, box 14
- Form(s) 1099-R, box 10
- Form(s) 1099-MISC

Caution: Do not include city or county tax withheld or tax withheld by other states.

Note: The Franchise Tax Board verifies all withholding claimed from a Form W-2, CA Sch W-2, W-2G, 1099-MISC, or 1099-R with the Employment Development Department.

If you received a Form 1099 showing California income tax withheld, include the amount withheld in the total on line 25 and attach a copy of the Form 1099 to your return.

If you do not have a Form W-2, see "Attachments to your return" on page 8.

Line 26 – 2005 California Estimated Tax and Payment with form FTB 3519

Enter the total of any:

- California estimated tax payments you made using 2005 Form 540-ES;
- Overpayment from your 2004 California income tax return applied to your 2005 estimated tax; and
- Payment you sent with form FTB 3519, Automatic Extension for Individuals.

Note: To view payments you have made and/or to obtain your current account balance, visit our Website at www.ftb.ca.gov and select Check your account.

If you and your spouse paid joint estimated taxes but are now filing separate income tax returns, either of you may claim the entire amount paid, or you may each claim part of the joint estimated tax payments. If you want the estimated tax payments to be divided, notify the FTB before you file the tax returns so the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court ordered settlement) or a statement showing the allocation of

the payments along with a notarized signature of both taxpayers. The statements should be sent to:

JOINT ESTIMATED CREDIT ALLOCATION M/S/ F-210
TAXPAYER SERVICES CENTER
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO, CA 94240-0040

Be sure to show both social security numbers or individual taxpayer identification numbers on your separate returns. If you or your spouse made separate estimated tax payments, but you are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540A explaining that payments have been made under both social security numbers or individual taxpayer identification numbers.

Line 27 – Excess California SDI (or VPD) Withheld

You may be entitled to claim a credit for excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) only if you meet **all** of the following conditions:

- You had **two or more** California employers during 2005;
- You received more than \$79,418 in wages; and
- The amounts of SDI (or VPD) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 or CA Sch W-2 to your Form 540A.

If SDI (or VPD) was withheld from your wages by a single employer at more than 1.08% of your gross wages, you may not claim excess SDI (or VPD) on your Form 540A. Contact the employer for a refund.

To determine the amount to enter on line 27, complete the Excess SDI (or VPD) Worksheet. If married filing jointly, figure the amount of excess SDI (or VPD) separately for each spouse.

Excess SDI (or VPD) Worksheet

Follow the instructions below to figure the amount to enter on Form 540A, line 27.

	You	Your Spouse
1. Add amounts of SDI (or VPD) withheld shown on your Forms W-2 or CA Sch W-2. Enter the total here	..... 1	.....
2. 2005 SDI (or VPD) limit	..... 2 \$857.71	..... \$857.71
3. Excess SDI (or VPD) withheld. Subtract line 2 from line 1. Enter the results here. Combine the amounts on line 3 and enter the total on Form 540A, line 27.	..... 3	.....
Note: If zero or less, enter -0- on line 27.		

Line 28 through Line 31 – Child and Dependent Care Expenses Credit

You may be able to claim this credit if you paid someone to care for your child under the age of 13, other dependent who is physically or mentally incapable of caring for him or herself, or spouse if physically or mentally incapable of caring for him or herself. To claim this credit, your federal adjusted gross income must be \$100,000 or less. You must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit, included in this booklet.

Line 28 and Line 29

Enter the qualifying person's social security number. Do not enter more than one qualifying person's social security number on line 28 or line 29 from form FTB 3506, Part III. If you have more than two qualifying persons, enter only the first two qualifying persons listed on form FTB 3506, Part III, line 2.

Line 30

Enter the amount from form FTB 3506, Part III, line 8 (do not round this amount).

Line 31

Enter the amount from form FTB 3506, Part III, line 12 (do not round this amount).

Note: If you received a refund for 2004, you may receive a Form 1099-G, Certain Government Payments. The refund amount reported on your Form 1099-G will be different from the amount shown on your tax return if you claimed the Child and Dependent Care Expenses Credit. This is because the credit is not part of the refund from withholdings or estimated tax payments.

Line 33 – Overpaid Tax

If the amount on line 32 is more than the amount on line 24, your payments and credits are more than your tax. Subtract the amount on line 24 from the amount on line 32. Enter the result on line 33. This is the amount of your overpaid tax. If the amount on line 32 is less than the amount on line 24, go to line 36.



Choose e-file and Direct Deposit and get your refund faster.

Line 34 – Amount You Want Applied To Your 2006 Estimated Tax

If you pay estimated tax, you may apply all or part of the amount on line 33 to your 2006 estimated tax. Enter on line 34 the amount of line 33 you want applied to your 2006 estimated tax.

An election to apply an overpayment to estimated tax is binding. Once the election is made, the overpayment cannot be applied to a deficiency after the due date of the return.

Line 35 – Overpaid Tax Available This Year

If you entered an amount on line 34, subtract that amount from line 33. Enter the result on line 35. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you choose to make contributions, skip line 36 and go to the Contributions section.

Line 36 – Tax Due

If the amount on line 32 is less than the amount on line 24, your tax is more than your payments and credits. Subtract the amount on line 32 from the amount on line 24. Enter the result on line 36. This is the amount of your tax due.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The tax due on line 36 is \$200 (\$100 if married filing separately) or more; and
- California income tax withheld on line 25 is less than 90% of the amount of your total tax on line 24.

Increasing your withholding could eliminate the need to make a large payment with your tax return. To increase your withholding, complete Employment Development Department (EDD) Form DE 4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. You can get this form from your employer or by calling EDD at (888) 745-3886. You can download the DE 4 at www.edd.ca.gov or use the online calculator by going to www.ftb.ca.gov and searching for **DE 4**.

Note: Form DE 4 specifically adjusts your CA state withholding and is not the same as the federal Form W-4, Employee's Withholding Allowance Certificate.

Use Tax**Line 37 – Use Tax – This is not a total line.**

You may owe California use tax on your purchases from out-of-state sellers (for example, purchases made by telephone, over the Internet, by mail, or in person). If you have questions on whether a purchase is

taxable, visit the State Board of Equalization's Website at www.boe.ca.gov, or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

You may report use tax on your income tax return instead of filing a use tax return with the State Board of Equalization. To report use tax on your income tax return, complete the Use Tax Worksheet on this page.

If you owe use tax but choose not to report it on your income tax return, you must report and pay the tax to the State Board of Equalization. To do so, download a copy of Publication 79-B, California Use Tax, from www.boe.ca.gov. You can also request a copy by calling their Information Center.

Note: Businesses that have a California seller's permit must continue to report business purchases subject to use tax on their sales and use tax returns.

Use Tax Worksheet

Round all amounts to the nearest whole dollar.

1. Enter your purchases from out-of-state sellers made without payment of California sales/use tax. See worksheet instructions on this page \$00
2. Enter the decimal equivalent of the applicable sales and use tax rate. See tax rates on page 24 _____
3. Multiply line 1 by the tax rate on line 2. Enter result here. \$00
4. Enter any sales or use tax you paid to another state for purchases included on line 1. See worksheet instructions on page 15 \$00
5. Subtract line 4 from line 3. This is the total use tax due. Enter the amount due on line 37. If the amount is less than zero, enter -0-. \$00

Use Tax Penalty

To avoid late payment penalties for use tax, you must report and pay the use tax with a timely filed income tax return.

Worksheet, Line 1, Purchases Subject to Use Tax

- Report items that would have been taxable in a California store. For example, you would include purchases of clothing, but not purchases of prescription medicine.
- Include handling charges.
- Do not include any other state's sales or use tax paid on the purchases.
- Enter only purchases made during the year that corresponds with the tax return you are filing.
- If you traveled to a foreign country and brought items back to California, generally the use tax is due on the purchase price of the goods you listed on your U.S. Customs Declaration less the \$400 per-person exemption. This \$400 exemption does not apply to goods sent or shipped to California by mail or other common carrier.
- If your filing status is "married filing separately," you may elect to report one-half of the use tax due or the entire amount on your income tax return. If you elect to report one-half, your spouse must report the remaining half on his or her income tax return or on the individual use tax return available from the State Board of Equalization (see discussion of Publication 79-B on this page).

Note: Do not report the following on your income tax return:

- Vehicles, vessels, and trailers that must be registered with the California Department of Motor Vehicles.
- Mobile homes or commercial coaches that must be registered annually as required by the Health and Safety Code.
- Vessels documented with the U.S. Coast Guard.
- Aircraft.

- Leases of machinery, equipment, vehicles, and other tangible personal property.

Worksheet, Line 2, Sales and Use Tax Rate

- Enter the decimal equivalent of the sales and use tax rate applicable to the place in California where the property is used, stored, or otherwise consumed. For example, the decimal equivalent of 7.25% is 0.0725, and the decimal equivalent of 7.375% is 0.07375.
- If you do not know the applicable rate, see the table on page 24, "Sales and Use Tax Rates by County." If you have questions regarding the use tax rate in effect in your area, please visit the State Board of Equalization's Website at www.boe.ca.gov or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

Worksheet, Line 4, Credit for Tax Paid to Another State

- This is a credit for tax paid to other states. You cannot claim a credit greater than the amount of tax that would have been due if the purchase had been made in California. For example, if you paid \$8.00 sales tax to another state for a purchase, and would have paid \$6.00 in California, you can claim a credit of only \$6.00 for that purchase.

Contributions

You may make contributions to the funds listed on Form 540A, Side 2. See page 28 for a description of the funds.

Line 38 – Total Contributions

Enter the amount of your total contributions on line 38. If you did not make any contributions, do not enter an amount on line 38. If you show an amount on line 35, you must subtract the amount you contribute from the amount of overpaid tax. If you show an amount on line 36, you must add the amount you contribute to your tax due.

Refund or Amount You Owe and Direct Deposit (Refund Only)**Line 39 – Refund or No Amount Due**

If you did not enter an amount on line 37 or line 38, enter the amount from line 35 on line 39. This is the amount that will be refunded to you. If the amount is less than \$1, you must attach a written request to your Form 540A to receive the refund.

Subtract line 37 and line 38 from line 35. If the result is zero or more, enter the result on line 39. If the combined amount of line 37 and line 38 is more than line 35, enter the difference on line 40.

Direct Deposit of Refund

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540A, Side 2. Please be sure to fill in the boxes. **Do not** attach a voided check or deposit slip.

The illustration on this page shows which bank numbers to transfer to the preprinted boxes on Form 540A, Side 2. Please be sure to fill in the routing and account numbers and also indicate the account type.



Do not use a deposit slip to find the bank numbers. Contact your financial institution for assistance in getting the correct routing number.

The Franchise Tax Board is not responsible when a financial institution rejects a direct deposit. If the bank or financial institution rejects the direct deposit due to an error in the routing number, the Franchise Tax Board will issue a paper check.

John Doe
Mary Doe
1234 Main Street
Anytown, CA 99999

1234
15-0000/0000

20

PAY TO THE ORDER OF \$

DOLLARS

ANYTOWN BANK
Anytown, CA 99999

Routing number Account number

Do not include the check number

For I : 250250025 I : 202020 • 1234

Line 40 – Amount You Owe

Add the amount on line 36, line 37, and line 38, if any, and enter the result on line 40.

To avoid a late filing penalty, file your 2005 Form 540A by the extended due date even if you cannot pay the amount you owe.

Do not combine your 2005 tax payment and any 2006 estimated tax payment in the same check or money order. You must prepare two separate checks or money orders and mail each in a separate envelope.

Other Payment Options

- Electronic Funds Withdrawal** – Instead of paying by check or money order, you can use this convenient option if you e-file. Simply provide your bank information, amount you want to pay, and the date you want the balance due to be withdrawn from your account. Your tax preparation software will offer this option.
- Web Pay** – Pay the amount you owe using our secure online payment service. Visit our Website at www.ftb.ca.gov and search for **Payment options**.
- Check or Money Order** – Make your check or money order payable to the "Franchise Tax Board." Do not send cash. Write your social security number (or Individual Taxpayer Identification Number) and "2005 Form 540A" on the check or money order. Enclose, but do not staple, any payment to your return. A penalty may be imposed if your check is returned by your bank for insufficient funds.
Note: All checks and money orders must be payable in U.S. dollars and drawn against a U.S. financial institution.
- Credit Card** – Whether you e-file or file by mail, you can use your Discover/NOVUS, MasterCard, Visa, or American Express card to pay your tax (tax return balance due, extension payment, estimated tax payment, or tax due with bill notice). If you pay by credit card, do not mail form FTB 3519 to us. Call (800) 272-9829 or visit the Official Payments Corp. Website at www.officialpayments.com, and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.

Convenience Fee

- 2.5% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

Example:

Tax Payment = \$753.56 Convenience Fee = \$18.84

When will my payments be effective?

Your payment is effective on the date you charge it.

What if I change my mind?

If you pay your tax liability by credit card and later reverse the credit card transaction, you may be subject to penalties, interest, and other fees imposed by the Franchise Tax Board for nonpayment or late payment of your tax liability.

How do I use my credit card to pay my income tax bill?

Once you have determined the type of payment and how much you owe, you should have the following information ready:

- Your Discover/Novus, MasterCard, Visa, or American Express card
- Credit card number

- Expiration date
- Amount you are paying
- Your and your spouse's SSN or ITIN
- First 4 letters of your and your spouse's last name
- Tax year
- Home phone number (including area code)
- ZIP Code for address where your monthly credit card bill is sent
- FTB Jurisdiction Code: 1555

Go to the Official Payments Corp. Website at www.officialpayments.com and select Payment Center, or use the toll-free number at (800) 2PAY-TAX or (800) 272-9829. Follow the recorded instructions. Official Payments Corp. will tell you the convenience fee before you complete your transaction. You can decide whether to complete the transaction at that time.

Payment Date : _____

Confirmation Number: _____

If you cannot pay the full amount or can only make a partial payment for the amount shown on line 40, you may request monthly payments. For additional information regarding Installment Payments, see Question 4 on page 46.

Line 41 – Underpayment of Estimated Tax

You may be subject to an estimated tax penalty if your withholding and credits are less than 90% of your current tax year liability or 100% of your prior year tax liability, or if you did not pay enough through withholding to keep the amount you owe with your 2005 return under \$200.

Is line 36 less than \$200 (\$100 if married filing separately)?

Yes Stop. You are not subject to an estimated payment penalty.

No Continue. You may be subject to an estimated payment penalty.

Is line 36 less than 10% of the amount on line 24?

Yes Stop. You are not subject to an estimated payment penalty.

No You may be subject to an estimate payment penalty, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

If you complete form FTB 5805, be sure to attach it to the back of Form 540A. Enter the amount of the penalty on line 41 and fill in the circle on line 41. You must complete and attach form FTB 5805 if you claim a waiver of the penalty or use the annualized income installment method.

Note: The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. **Do not** reduce the amount on line 33 or increase the amount on line 36 by any penalty or interest amounts.

See page 65 for information on estimated tax payments and how to avoid the underpayment penalty.

Line 42 – 2006 Tax Forms

If your Form 540A is prepared by someone else or if you do not need tax forms mailed to you next year, fill in the circle on line 42.

Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also. See page 8 "Helpful Hints" for information on verifying and checking information on your return, attachments to your return, and assembling and mailing your return.

Joint Return. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. See "Innocent Spouse Relief" on page 73.

Mailing Your Return

Mail your return in the envelope provided in this booklet. If your return shows a **refund or no amount due**, be sure to attach the green label to the front of the envelope. If your return has an **amount you owe**, be sure to attach the white label to the front of the envelope.

If you have misplaced your envelope, see page 8, "Mailing your return" for the correct address. Or, you can also find the correct address to use by looking on Side 2, line 39 (**refund or no amount due**) or line 40 (**amount you owe**).



CalFile or e-file and you won't have to do the math. Go to our Website at www.ftb.ca.gov.

Instructions for Form 540 — California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 2005**, and the California Revenue and Taxation Code (R&TC).

Before You Begin

You must complete your federal income tax return (Form 1040, 1040A or 1040EZ) before you begin your California Form 540. You will use information from your federal income tax return to complete your Form 540. Be sure to complete and mail Form 540 by April 17, 2006. If you cannot mail your return by the due date, see page 2.



You may qualify for the federal earned income credit. See page 2 for more information. There is no comparable state credit.

Name(s) and Address

Is there a label with your name and address on the front of your booklet?

Yes. Attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information on the label.

No. Print your first name, middle initial, last name, and address in the spaces provided at the top of Form 540. See page 8, Helpful Hints, "Filling in your return."

Private Mail Box. If you lease a private mailbox (PMB) from a private business rather than a P.O. box from the United States Postal Service, include the box number in the address area labeled "PMB no."

Foreign Address. Enter the information in the following order: City, Country, Province/Region and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.

Principal Business Activity Code

Enter the numeric principal business activity code from federal Schedule C, line B.

For instructions on how to enter your SSN (or ITIN), Filing Status, and Exemptions, see Form 540A instructions on pages 9 and 10.

Prior Name

If you filed your 2004 tax return under a different last name, write the last name **only** from the 2004 tax return.

Taxable Income

Refer to your completed federal income tax return to complete this section.

Line 12 — State Wages



Enter the total amount of your state wages from all states from each of your Form(s) W-2, or CA Sch W-2. This amount should be on Form W-2, box 16, or CA Sch W-2, line C.

If you received wages and do not have a Form W-2, see "Attachments to your return" on page 8.

Line 14 — California Adjustments — Subtractions [from Schedule CA (540), line 37, column B]

If there are no differences between your federal and California income or deductions, do not file a Schedule CA (540).

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for Schedule CA (540) beginning on page 53. Enter on this line the amount from Schedule CA (540), line 37, column B. If a negative amount, see Schedule CA (540), line 37 instructions, page 58.

Line 15 — Subtotal

Subtract the amount on line 14 from the amount on line 13. Enter the result on line 15. If the amount on line 13 is less than zero, combine the amounts on line 13 and line 14 and enter the result in parentheses. For example: "(12,325)."

Line 16 — California Adjustments — Additions [from Schedule CA (540), line 37, column C]

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for Schedule CA (540) beginning on page 53. Enter on this line the amount from Schedule CA (540), line 37, column C. If a negative amount, see Schedule CA (540), line 37 instructions, page 58.

Line 18 — California Itemized Deductions or California Standard Deduction

You must decide whether to itemize your charitable contributions, medical expenses, interest paid, taxes, etc., or take the standard deduction. Your California income tax will be less if you take the **larger** of:

- Your California itemized deductions; or
- Your California standard deduction.

If you are married and file a separate return, you and your spouse must either both itemize your deductions or both take the standard deduction.

Also, if someone else can claim you as a dependent, you may claim the greater of the standard deduction or your itemized deductions. To figure your standard deduction, use the California Standard Deduction Worksheet for Dependents on page 18.

Itemized deductions. Figure your California itemized deductions by completing Schedule CA (540), Part II, line 38 through line 44. Enter the result on Form 540, line 18.

Note: If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540, first complete a sample federal Schedule A, Itemized Deductions. Then complete Schedule CA (540), Part II, line 38 through line 44.

Standard deduction. Find your standard deduction on the California Standard Deduction Chart for Most People on this page. If you filled in the circle on Form 540, line 6, use the California Standard Deduction Worksheet for Dependents on page 18.

California Standard Deduction Chart for Most People

Do not use this chart if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

Your Filing Status	Enter On Line 18
1 — Single	\$3,254
2 — Married filing jointly	\$6,508
3 — Married filing separately	\$3,254
4 — Head of household	\$6,508
5 — Qualifying widow(er)	\$6,508

Note: The California standard deduction amounts are less than the federal standard deduction amounts.

California Standard Deduction Worksheet for Dependents

Use this worksheet only if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

1. Enter your earned income from: line 1 of the "Standard Deduction Worksheet for Dependents" in the instructions for federal Form 1040; Form 1040A; or from line A of the worksheet on the back of Form 1040EZ. 1 _____
2. Minimum standard deduction 2 \$800.00
3. Enter the **larger** of line 1 or line 2 here 3 _____
4. Enter the amount shown for your filing status:
 - Single or married filing separately, enter \$3,254
 - Married filing jointly, head of household, or qualifying widow(er), enter \$6,508
 } ... 4 _____
5. **Standard deduction.** Enter the **smaller** of line 3 or line 4 here and on Form 540, line 18 ... 5 _____

Line 19 – Taxable Income

Capital Construction Fund (CCF). If you claim a deduction on your federal Form 1040, line 43 for the contribution made to a capital construction fund set up under the Merchant Marine Act of 1936, reduce the amount you contributed on line 19 by the amount of the deduction. Next to line 19, enter "CCF" and the amount of the deduction. For details, see IRS Publication 595, Tax Highlights for Commercial Fishermen.

Tax

When you figure your tax, be sure to use the correct filing status and taxable income amount.

Line 20 – Tax

To figure your tax, use one of the following methods and fill in the matching circle on line 20:

- **Tax Table.** If your taxable income on line 19 is \$100,000 or less, you must use the tax table beginning on page 60. Be sure you use the correct filing status column in the tax table.
- **Tax Rate Schedules.** If your taxable income on line 19 is over \$100,000, you must use the tax rate schedules on page 75.
- **FTB 3800.** Generally, you must use form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child who was under age 14 on January 1, 2006, and who had more than \$1,600 of investment income. Attach form FTB 3800 to the child's Form 540.
- **FTB 3803.** If, as a parent, you elect to report your child's interest and dividend income of \$8,000 or less (but not less than \$800) on your return, complete form FTB 3803, Parents' Election to Report Child's Interest and Dividends. You must file a separate form FTB 3803 for each child whose income you elect to include on your Form 540. Add the amount of tax, if any, from each form FTB 3803, line 9, to the amount of your tax from the tax table or tax rate schedules and enter the result on Form 540, line 20. Attach form(s) FTB 3803 to your return.

Note: To prevent possible delays in processing your return or refund, be sure to enter the correct tax amount on this line. To automatically figure your tax or to verify your tax calculation, use our online tax calculator by visiting our Website at www.ftb.ca.gov.



CalFile or e-file and you won't have to do the math. Go to our Website at www.ftb.ca.gov.

Line 21 – Exemption Credits

Use your exemption credits to reduce your tax. If your federal adjusted gross income (AGI) on line 13 is more than the amount shown below for your filing status, your credits will be limited.

If your filing status is: Is Form 540, line 13 more than:

Single or married filing separately	\$143,839
Married filing jointly or qualifying widow(er)	\$287,682
Head of household	\$215,762

Yes Complete the AGI Limitation Worksheet on this page.

No Follow the instructions on Form 540, line 21.

AGI Limitation Worksheet

- | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------|
| a | Enter the amount from Form 540, line 13 | a | _____ |
| b | Enter the amount for your filing status on line b: | | |
| | Single or married filing separately | \$143,839 | |
| | Married filing jointly or | | |
| | qualifying widow(er) | \$287,682 | b _____ |
| | Head of household | \$215,762 | |
| c | Subtract line b from line a | | c _____ |
| d | Divide line c by \$2,500 (\$1,250 if married filing separately). Note: If the result is not a whole number, round it to the next higher whole number | | d _____ |
| e | Multiply line d by \$6 | | e _____ |
| f | Add the numbers from the boxes on Form 540, line 7, line 8, and line 9 (not the dollar amounts) | | f _____ |
| g | Multiply line e by line f | | g _____ |
| h | Enter the total dollar amount for line 7, line 8, and line 9 | | h _____ |
| i | Subtract line g from line h. If zero or less, enter -0- | | i _____ |
| j | Enter the number from the box on Form 540, line 10 (not the dollar amount) | | j _____ |
| k | Multiply line e by line j | | k _____ |
| l | Enter the dollar amount (that you filled in) from Form 540, line 10 | | l _____ |
| m | Subtract line k from line l. If zero or less, enter -0- | | m _____ |
| n | Add line i and line m. Enter the result here and on Form 540, line 21 | | n _____ |

Line 23 – Tax from Schedule G-1 and Form FTB 5870A

If you received a qualified lump-sum distribution in 2005 and you were born before January 2, 1936, get Schedule G-1, Tax on Lump-Sum Distributions, to figure your tax by special methods that may result in less tax.

If you received accumulation distributions from foreign trusts or from certain domestic trusts, get form FTB 5870A, Tax on Accumulation Distribution of Trusts, to figure the additional tax.

To get these forms, see "Order Forms and Publications" on the back cover.

Special Credits and Nonrefundable Renter's Credit

A variety of California tax credits are available to reduce your tax if you qualify. To figure and claim most special credits, you must complete a separate form or schedule and attach it to your Form 540. The Credit Chart on page 26 describes the credits and provides the name, credit code, and number of the required form or schedule. Many credits are limited to a certain percentage or a certain dollar amount. In addition, the total amount you may claim for all credits is limited by tentative minimum tax (TMT). Answer the following questions before you claim credits on your tax return.

1. Do you qualify to claim the nonrefundable renter's credit? Complete the qualification record on page 27.
Check ☐ **Yes** or ☐ **No**, then go to Question 2.
 2. Are you claiming any other special credit listed on the Credit Chart on page 26?
- No** If you checked "Yes" for Question 1 and entered an amount on Form 540, line 31, go to line 32. If you checked "No" for Question 1, skip to the instructions for line 33.

Yes Figure your credit using the form, schedule, worksheet, or certificate identified on the Credit Chart. Then go to Box A to see if the total amount you may claim for all credits is limited by TMT. If you checked "Yes" for Question 1, be sure that you entered your nonrefundable renter's credit on line 31.

Box A — Did you complete federal Schedule C, D, E, or F and claim or receive any of the following (**Note:** If your business gross receipts are less than \$1,000,000 from all trades or businesses, you **do not** have to report AMT. For more information, see line 34 instructions, on page 20.):

- Accelerated depreciation in excess of straight-line;
- Intangible drilling costs;
- Depletion;
- Circulation expenditures;
- Research and experimental expenditures;
- Mining exploration/development costs;
- Amortization of pollution control facilities;
- Income/loss from tax shelter farm activities;
- Income/loss from passive activities;
- Income from long-term contracts using the percentage of completion method;
- Pass-through AMT adjustment from an estate or trust reported on Schedule K-1 (541); or
- Excluded gain on the sale of qualified small business stock.

Yes You must complete Schedule P (540). See "Order Forms and Publications" on the back cover.

No Go to Box B.

Box B — Did you claim or receive any of the following:

- Investment interest expense;
- Income from incentive stock options in excess of the amount reported on your return; or
- Income from installment sales of certain property.

Yes You must complete Schedule P (540). See "Order Forms and Publications" on the back cover.

No Go to Box C.

Box C — If your filing status is: Is Form 540, line 17 more than:

Single or head of household	\$198,366
Married filing jointly or qualifying widow(er)	\$264,488
Married filing separately	\$132,243

Yes You must complete Schedule P (540). See "Order Forms and Publications" on the back cover.

No Your credits are not limited. Go to the instructions for Form 540, line 28.

Line 28 through Line 30 — Additional Special Credits

Each credit has a code number. To claim only one or two credits, enter the credit name, code number, and amount of the credit on line 28 and line 29. To claim more than two credits, use Schedule P (540), Part II. See "Order Forms and Publications" on the back cover. List two of the credits on line 28 and line 29. Enter the total of any remaining credits from Schedule P (540) on line 30.

Important: Attach Schedule P (540) and any supporting schedules or statements to your Form 540.

Carryovers: If you claim a credit with carryover provisions and the amount of the credit available this year exceeds your tax, you may carry over any excess credit to future years until the credit is used (unless the carryover period is a fixed number of years). If you claim a credit carryover for an expired credit, use form FTB 3540, Credit Carryover Summary, to figure the amount of the credit. Otherwise, enter the amount of the credit on Schedule P (540), Part III, and do not attach form FTB 3540.

Credit for Joint Custody Head of Household — Code 170

Note: You may not claim this credit if you used either the head of household or qualifying widow(er) filing status.

You may claim a credit if you were unmarried at the end of 2005 (or if married, you lived apart from your spouse for all of 2005 and you used the married filing separately filing status); and if you furnished more

than one-half the household expenses for your home that also served as the main home of your child, step-child, or grandchild for at least 146 days but not more than 219 days of the taxable year. If the child is married, you must be entitled to claim a dependent exemption credit for the child.

Also, the custody arrangement for the child must be part of a decree of dissolution or separate maintenance or must be part of a written agreement between the parents where the proceedings have been initiated, but a decree of dissolution or separate maintenance has not yet been issued.

Use the worksheet below to figure the joint custody head of household credit.

1. Enter the amount from Form 540, line 24 1 _____
2. Credit percentage — 30% 2 x .30
3. Credit amount. Multiply line 1 by line 2.
Enter the result or \$346, whichever is less 3 _____

If you qualify for the credit for Joint Custody Head of Household and the Credit for Dependent Parent, you may claim only one credit. Select the credit that will allow the maximum benefit.

Credit for Dependent Parent — Code 173

Note: You may **not** claim the credit for dependent parent if you used the single, head of household, qualifying widow(er), or married filing jointly filing status.

You may claim this credit only if:

- You were married at the end of 2005 and you used the married filing separately filing status; and
- Your spouse was not a member of your household during the last six months of the year; and
- You furnished over one-half the household expenses for your dependent mother's or father's home, whether or not she or he lived in your home.

To figure the amount of this credit, use the worksheet above for the credit for joint custody head of household. If you qualify for the Credit for Joint Custody Head of Household and the Credit for Dependent Parent, you may claim only one. Select the credit that will allow the maximum benefit.

Credit for Senior Head of Household — Code 163

You may claim this credit if you:

- Were 65 years of age or older on December 31, 2005*;
- Qualified as a head of household in 2003 or 2004 by providing a household for a qualifying individual who died during 2003 or 2004; and
- Did not have adjusted gross income over \$56,262 for 2005.

*If your 65th birthday is on January 1, 2006, you are considered to be age 65 on December 31, 2005.

Note: If you meet all the conditions listed above, you do not need to qualify to use the head of household filing status for 2005 in order to claim this credit.

Use this worksheet to figure this credit.

1. Enter the amount from Form 540, line 19 1 _____
2. Credit percentage — 2% 2 x .02
3. Credit amount. Multiply line 1 by line 2.
Enter the result or \$1,060, whichever is less 3 _____

Credit for Child Adoption Costs — Code 197

For the year in which an adoption decree or an order of adoption is entered (e.g., adoption is final), you may claim a credit for 50% of the cost of adopting a child who was **both**:

- A citizen or legal resident of the United States; and
- In the **custody** of a California public agency or a California political subdivision.

You may treat a prior unsuccessful attempt to adopt a child (even when the costs were incurred in a prior year) and a later successful adoption

of a different child as one effort when computing the cost of adopting the child. You may include the following costs if directly related to the adoption process:

- Fees for Department of Social Services or a licensed adoption agency.
- Medical expenses not reimbursed by insurance.
- Travel expenses for the adoptive family.

Note:

- This credit does not apply when a child is adopted from another country or another state, or who was not in the custody of a California public agency or a California political subdivision.
- Any deduction for the expenses used to claim this credit must be reduced by the amount of the child adoption costs credit claimed.

Use the worksheet below to figure this credit. If more than one adoption qualifies for this credit, complete a separate worksheet for each adoption. The maximum credit is limited to \$2,500 per minor child.

1. Enter qualifying costs for the child 1 _____
2. Credit percentage — 50% 2 x .50 _____
3. Credit amount. Multiply line 1 by line 2.
Do not enter more than \$2,500 3 _____

Your allowable credit is limited to \$2,500 for 2005. You may carry over the excess credit to future years until the credit is used.

Line 31 – Nonrefundable renter's credit

Did you pay rent for at least six months in 2005 on your principal residence located in California?

Yes You may qualify to claim this credit which may reduce your tax. Complete the qualification record on page 27.

No Go to line 32.

Line 33 – Subtract the amount on line 32 from the amount on line 25. Enter the result on line 33. If the amount on line 32 is more than the amount on line 25, enter -0-. If you owe interest on deferred tax from installment obligations, include the additional tax, if any, in the amount you enter on line 33. Write "IRC Section 453 interest" or "IRC Section 453A interest" and the amount on the dotted line to the left of the amount on line 33.

Other Taxes

Attach the specific form or statement required for each item below.

Line 34 – Alternative Minimum Tax (AMT)

If you claim certain types of deductions, exclusions, and credits, you may owe AMT if your total income is more than:

- \$70,531 married filing jointly or qualifying widower(er); or
- \$52,898 single or head of household; or
- \$35,263 married filing separately

A child under age 14 may owe AMT if the sum of the amount on line 19 (taxable income) and any preference items listed on Schedule P (540) and included on the return is more than the sum of \$5,500 and the child's earned income.

AMT income does not include income, adjustments, and items of tax preference related to any trade or business of a qualified taxpayer who has gross receipts, less returns and allowances, during the taxable year of less than \$1,000,000 from **all** trades or businesses.

Get Schedule P (540) for more information. See "Order Forms and Publications" on the back cover.

Line 35 – Mental Health Services Tax

If your taxable income is more than \$1,000,000, compute the Mental Health Services Tax below:

A. Taxable income from Form 540, line 19	_____
B. Less	\$(1,000,000)
C. Subtotal	_____
D. Multiply line C by 1%	x .01
E. Mental Health Services Tax – Enter this amount here and on Form 540, line 35	_____

Line 36 – Other Taxes and Credit Recapture

If you received an early distribution of a qualified retirement plan and were required to report additional tax on your federal return, you may also be required to report additional tax on your California tax return. Get form FTB 3805P, Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts. If you are required to report additional tax, report it on line 36 and write "FTB 3805P" to the left of the amount.

If you used form(s) FTB 3501, Employer Child Care Program/Contribution Credit; FTB 3508, Solar or Wind Energy System Credit; FTB 3805Z, Enterprise Zone Deduction and Credit Summary; FTB 3806, Los Angeles Revitalization Zone (LARZ) Deduction and Credit Summary; FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary; FTB 3808, Manufacturing Enhancement Area Credit Summary; or FTB 3809, Targeted Tax Area Deduction and Credit Summary; include the additional tax, if any, on line 36. Write the form number on the dotted line to the left of the amount on line 36.

Payments

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 38 through line 45.

Line 38 – California Income Tax Withheld

Enter the total California income tax withheld from your:

- Form(s) W-2, box 17; • Form(s) 1099-MISC, box 16; or
- CA Sch. W-2; or • Form(s) 1099-R, box 10.
- Form(s) W-2G, box 14.

Note: The Franchise Tax Board verifies all withholding claimed from a Form W-2, CA Sch. W-2, Form W-2G, 1099-MISC, or 1099-R with the Employment Development Department.

Caution: Do not include city, local, or county tax withheld or tax withheld by other states. Do not include withholding from Forms 592-B, 593-B, or 594, on this line. For more details, see instructions for line 40 on page 21.

Caution: Generally, tax should not be withheld on Form 1099-MISC. If you want to pre-pay tax on income reported on Form 1099-MISC, you may use Form 540-ES, Estimated Tax for Individuals.

Line 39 – 2005 CA Estimated Tax and Other Payments

Enter the total of any:

- California estimated tax payments you made using 2005 Form 540-ES;
- Overpayment from your 2004 California income tax return that you applied to your 2005 estimated tax;
- Payment you sent with form FTB 3519, Automatic Extension for Individuals; and
- California estimated tax payments made on your behalf by an estate, trust, or S Corporation on Schedule K-1 (541) or Schedule K-1 (100S).



Note: To view payments you have made or to get your current account balance, visit our Website at www.ftb.ca.gov and select Check your account.

If you and your spouse paid joint estimated taxes but are now filing separate income tax returns, either of you may claim the entire amount paid, or you may each claim part of the joint estimated tax payments. If you want the estimated tax payments to be divided, notify the FTB before you file the tax returns so the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court ordered settlement) or a statement showing the allocation of the payments along with a notarized signature of both taxpayers. The statements should be sent to:

JOINT ESTIMATED CREDIT ALLOCATION M/S F-210
TAXPAYER SERVICES CENTER
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO, CA 94240-0040

If you or your spouse made separate estimated tax payments, but are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540 explaining that payments were made under both social security numbers.

Note: You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2006 and did not have a California tax liability in 2005.

Line 40 – Real Estate Withholding

If you had California income tax withheld from the sale of your California real estate, enter the total California tax withheld from your Form 593-B, Real Estate Withholding Tax Statement. Also, if you received a nonresident withholding credit, enter the total California tax withheld from your Forms 592-B or 594 on this line. Attach a copy of Forms 592-B, 593-B, or 594, to the lower front of Form 540, Side 1.

Caution: Do not include withholding from Form(s) W-2s, CA Sch. W-2 or Forms 1099 on this line.

Line 41 – Excess California SDI (or VPD) Withheld

You may be entitled to claim a credit for excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) only if you meet **all** of the following conditions:

- You had **two or more** California employers during 2005;
- You received more than \$79,418 in wages; and
- The amounts of SDI (or VPD) withheld appear on your Forms W-2 or CA Sch W-2. Be sure to attach your Forms W-2 or CA Sch W-2 to your Form 540.

To determine the amount to enter on line 41, complete the Excess SDI (or VPD) Worksheet on this page. If married filing jointly, figure the amount of excess SDI (or VPD) separately for each spouse.

If SDI (or VPD) was withheld from your wages by a single employer, at more than 1.08% of your gross wages, you may not claim excess SDI (or VPD) on your Form 540. Contact the employer for a refund.

Excess SDI (or VPD) Worksheet

Follow the instructions below to figure the amount of income tax to enter on Form 540, line 41. If you are married and file a joint return, you must figure the amount of excess SDI (or VPD) separately for each spouse.

	You	Your Spouse
1. Add amounts of SDI (or VPD) withheld shown on your Forms W-2. Enter the total here 1		
2. 2005 SDI (or VPD) limit 2	\$857.71	\$857.71
3. Excess SDI (or VPD) withheld. Subtract line 2 from line 1. Enter the results here. Combine the amounts on line 3 and enter the total on Form 540, line 41 3		

Note: If zero or less, enter -0- on line 41.

Line 42 through Line 45 – Child and Dependent Care Expenses Credit

You may be able to claim this credit if you paid someone to care for your child under the age of 13, other dependent who is physically or mentally incapable of caring for him or herself, or spouse if physically or mentally incapable of caring for him or herself. The care must be provided in California. To claim this credit, your federal adjusted gross income must be less than or equal to \$100,000 and you must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit, included in this booklet.

Line 42 and Line 43

Enter the qualifying person's social security number. Do not enter more than one qualifying person's social security number on line 42 or line 43 from form FTB 3506, Part III, line 2. If you have more than two qualifying persons, enter only the first two qualifying persons listed on form FTB 3506, Part III, line 2.

Line 44

Enter the amount from form FTB 3506, Part III, line 8 (do not round this amount).

Line 45

Enter the credit amount from form FTB 3506, Part III, line 12 (do not round this amount).

Note: If you received a refund for 2004, you may receive a Form 1099-G, Certain Government Payments. The refund amount reported on your Form 1099-G will be different from the amount shown on your tax return if you claimed the Child and Dependent Care Expenses Credit. It is because the credit is not part of the refund from withholdings or estimated tax payments.

Line 46

For the Claim of Right credit, follow the reporting instructions in Schedule CA (540) under the Claim of Right.

Claim of Right: If you are claiming the tax deduction on your California return, include the amount of the credit in the total for this line. Write in "IRC 1341" and the amount of the credit to the left of the amount column.

Caution: To determine if you are entitled to this deduction, refer to your prior year California 540/540A, 540NR Long Form, Schedule CA (540NR), column E, to verify the amount was included in your CA taxable income. If the amount repaid under a "Claim of Right" was not originally taxed by California, you are not entitled to claim the deduction.

Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 47 through line 50.

Line 47 – Overpaid Tax

If the amount on line 46 is more than the amount on line 37, your payments and credits are more than your tax. Subtract the amount on line 37 from the amount on line 46. Enter the result on line 47.



Choose e-file and Direct Deposit and get your refund faster.

Line 48 – Amount You Want Applied to Your 2006 Estimated Tax

You may apply all or part of the amount on line 47 to your estimated tax for 2006. Enter on line 48 the amount of line 47 that you want applied to your 2006 estimated tax.

An election to apply an overpayment to estimated tax is binding. Once the election is made, the overpayment cannot be applied to a deficiency after the due date of the return.

Line 49 – Overpaid Tax Available This Year

If you entered an amount on line 48, subtract it from the amount on line 47. Enter the result on line 49. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund (See page 28) or make other voluntary contributions from this amount. If you make a contribution, skip line 50 and go to the Use Tax section of the tax return.

Line 50 – Tax Due

If the amount on line 46 is less than the amount on line 37, subtract the amount on line 46 from the amount on line 37. Enter the result on line 50. Your tax is more than your payments and credits.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The tax due on line 50 is \$200 or more (\$100 or more if married filing separately); and
- The amount of state income tax withheld on line 38 is less than 90% of the amount of your total tax on line 37.

If this applies to you, go to line 72.

Increasing your withholding could eliminate the need to make a large

payment with your tax return. To increase your withholding, complete Employment Development Department (EDD) Form DE 4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. You can get this form from your employer or by calling EDD at (888) 745-3886. You can download the DE 4 at www.edd.ca.gov or use the online calculator by going to www.ftb.ca.gov and searching for **DE-4**.

Note: Form DE 4 specifically adjusts your California state withholding and is not the same as the federal Form W-4, Employee's Withholding Allowance Certificate.

Use Tax

Line 51 – Use Tax. This is not a total line.

As explained on page 73, you may owe California use tax for purchases from out-of-state sellers (for example, purchases made by telephone, over the Internet, by mail, or in person).

You may report use tax on your income tax return instead of filing a use tax return with the State Board of Equalization. To report use tax on your income tax return, complete the Use Tax Worksheet on this page. If you have questions on whether a purchase is taxable, visit the State Board of Equalization's Website at www.boe.ca.gov, or call their Information Center at (800) 400-7115 or TDD (800) 735-2929.

If you owe use tax but choose not to report it on your income tax return, you must report and pay the tax to the State Board of Equalization. To do so, download a copy of Publication 79-B, California Use Tax, from www.boe.ca.gov. You can also request a copy by calling the State Board of Equalization's Information Center.

Use Tax Penalty

Failure to report and pay the use tax due may result in the assessment of penalties.

Note: Businesses that have a California seller's permit must continue to report business purchases subject to use tax on their sales and use tax returns.

See page 73 for a general explanation of California use tax.

Use Tax Worksheet

Round all amounts to the nearest whole dollar.

1. Enter purchases from out-of-state sellers made without payment of California sales/use tax.
See worksheet instructions below \$00
2. Enter the decimal equivalent of the applicable sales and use tax rate. See chart on page 24
3. Multiply line 1 by the tax rate on line 2.
Enter result here. \$00
4. Enter any sales or use tax you paid to another state for purchases included on line 1. See worksheet instructions on next column \$00
5. Subtract line 4 from line 3. This is the total use tax due.
Enter the amount due on line 51. If the amount is less than zero, enter -0-. \$00

Worksheet, Line 1, Purchases Subject to Use Tax

- Report items that would have been taxable in a California store. For example, you would include purchases of clothing, but not purchases of prescription medicine.
- Include handling charges.
- Do not include any other state's sales or use tax paid on the purchases.
- Enter only purchases made during the year that corresponds with the tax return you are filing.
- If you traveled to a foreign country and brought items back to California, generally the use tax is due on the purchase price of the goods you listed on your U.S. Customs Declaration less the \$400 per-person exemption. This \$400 exemption does not apply to goods sent or shipped to California by mail or other common carrier.
- If your filing status is "married filing separately," you may elect to report one-half of the use tax due or the entire amount on your

income tax return. If you elect to report one-half, your spouse may report the remaining half on his or her income tax return or on the individual use tax return available from the State Board of Equalization (see discussion of Publication 79-B on this page).

Note: Do not report the following on your income tax return:

- Vehicles, vessels, and trailers that must be registered with the Department of Motor Vehicles.
- Mobile homes or commercial coaches that must be registered annually as required by the Health and Safety Code.
- Vessels documented with the U.S. Coast Guard.
- Aircraft.
- Leases of machinery, equipment, vehicles, and other tangible personal property.

Worksheet, Line 2, Sales and Use Tax Rate

- Enter the decimal equivalent of the sales and use tax rate applicable to the place in California where the property is used, stored, or otherwise consumed. For example, the decimal equivalent of 7.25% is 0.0725, and the decimal equivalent of 7.375% is 0.07375.
- If you do not know the applicable rate, see the table on page 24, "Sales and Use Tax Rates by County." If you have questions regarding the use tax rate in effect in your area, please visit the State Board of Equalization's Website at www.boe.ca.gov or call their Information Center at (800) 400-7115 or TDD (800) 735-2929.

Worksheet, Line 4, Credit for Tax Paid to Another State

- This is a credit for tax paid to other states. You cannot claim a credit greater than the amount of tax that would have been due if the purchase had been made in California. For example, if you paid \$8.00 sales tax to another state for a purchase, and would have paid \$6.00 in California, you can claim a credit of only \$6.00 for that purchase.

Contributions

You may make contributions to the funds listed on Form 540, Side 2. See page 28 for a description of the funds.

Refund or Amount You Owe

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

Line 69 – Refund or No Amount Due

If you did not enter an amount on line 51 or line 68, enter the amount from line 49 on line 69. This is the amount that will be refunded to you.

If it is less than \$1, you must attach a written statement to your Form 540 requesting the refund.

Subtract line 51 and line 68 from line 49. If the combined amount of line 51 and line 68 is more than line 49, enter the difference on line 70.

To have your refund directly deposited into your bank account, fill in the account information on the tax return. See the illustration on page 24 for the correct numbers to transfer to your return.

Want a fast refund? Get your refund in 10 days or less when you e-file your return. Visit our Website at www.ftb.ca.gov for more information.

Line 70 – Amount You Owe

Add the amount on line 50, line 51, and line 68, if any. Enter the result on line 70.

To avoid a late filing penalty, file your Form 540 by the extended due date even if you cannot pay the amount you owe.

Payment Options

- **Electronic Funds Withdrawal** – Instead of paying by check or money order, you can use this convenient option if you e-file. Simply provide your bank information, amount you want to pay, and the date you want the balance due to be withdrawn from your account. Your tax preparation software will offer this option.
- **Web Pay** – Pay the amount you owe using our secure online payment service. Visit our Website at www.ftb.ca.gov for more information.

- **Check or Money Order** – Make your check or money order payable to the “Franchise Tax Board.” Do not send cash. Write your social security number and “2005 Form 540” on the check or money order. Enclose, but do not staple, your payment with your return.

Note: All checks and money orders must be payable in U.S. dollars and drawn against a U.S. financial institution. Do not combine your 2005 tax payment and any 2006 estimated tax payment in the same check. Prepare two separate checks and mail each in a separate envelope.

A penalty may be imposed if your check is returned by your bank for insufficient funds.

- **Credit Card** – You may use your Discover/NOVUS, MasterCard, Visa, or American Express card to pay your tax. If you pay by credit card, do not mail form FTB 3519 to us. Call (800) 272-9829 or visit the Official Payments Corp. Website at www.officialpayments.com, and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.

Paying by Credit Card – Whether you e-file or file by mail, you can use your Discover/Novus, MasterCard, Visa, or American Express card to pay your personal income taxes (tax return balance due, extension payment, estimated tax payment, or tax due with bill notice). **There is a convenience fee for this service.** This fee is paid directly to Official Payments Corp. based on the amount of your tax payment.

Convenience Fee

- 2.5% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

Example:

Tax Payment = \$753.56 Convenience Fee = \$18.84

When will my payments be effective?

Your payment is effective on the date you charge it.

What if I change my mind?

If you pay your tax liability by credit card and later reverse the credit card transaction, you may be subject to penalties, interest, and other fees imposed by the Franchise Tax Board for nonpayment or late payment of your tax liability.

How do I use my credit card to pay my income tax bill?

Once you have determined the type of payment and how much you owe, you should have the following information ready:

- Your Discover/Novus, MasterCard, Visa, or American Express card
- Credit card number
- Expiration date
- Amount you are paying
- Your and your spouse's SSN or ITIN
- First 4 letters of your and your spouse's last name
- Tax year
- Home phone number (including area code)
- ZIP Code for address where your monthly credit card bill is sent
- FTB Jurisdiction Code: 1555

Go to the Official Payments Corp. Website at www.officialpayments.com and select Payment Center, or use the toll-free number at (800) 2PAY-TAX or (800) 272-9829. Follow the recorded instructions. Official Payments Corp. will tell you the convenience fee before you complete your transaction. You can decide whether to complete the transaction at that time.

Payment Date : _____

Confirmation Number: _____

If you cannot pay the full amount or can only make a partial payment for the amount shown on line 73, you may request monthly payments. For additional information regarding Installment Payments, see Question 4 on page 46.

Interest and Penalties

If you file your return or pay your tax after the due date, you may owe interest and penalties on the tax due.

Note: Do not reduce the amount on line 47 or increase the amount on line 50 by any penalty or interest amounts. Enter on line 71 the amount of interest and penalties.

Line 71 – Interest and Penalties

Interest. Interest will be charged on any late filing or late payment penalty from the original due date of the return to the date paid. In addition, if other penalties are not paid within 15 days, interest will be charged from the date of the billing notice until the date of payment. Interest compounds daily and the interest rate is adjusted twice a year.

Late Filing of Return. The maximum total penalty is 25% of the tax not paid if the return is filed after October 16, 2006. The minimum penalty for filing a return more than 60 days late is \$100 or 100% of the balance due, whichever is less.

Late Payment of Tax. The penalty is 5% of the tax not paid when due plus 1/2% for each month, or part of a month, the tax remains unpaid.

Other Penalties. There are also other penalties that can be imposed for a check returned for insufficient funds, negligence, substantial understatement of tax and fraud.

Line 72 – Underpayment of Estimated Tax

You may be subject to an estimated tax penalty if your withholding and credits are less than 90% of your current tax year liability or 100% of your prior year tax liability (110% if AGI is more than \$150,000 or \$75,000 Married Filing Separate), or you did not pay enough through withholding to keep the amount you owe with your return under \$200.

The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill.

Is line 50 less than \$200 (\$100 if married filing separately)?

Yes Stop. You are not subject to an estimated payment penalty.

No Continue. You may be subject to an estimate payment penalty.

Is line 50 less than 10% of the amount on line 33 (excluding the tax on lump-sum distributions on line 23)?

Yes Stop. You are not subject to an estimated payment penalty.

No You may be subject to an estimate payment penalty, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries (or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen).

If you complete one of these forms, be sure to attach it to the back of your Form 540. Enter the amount of the penalty on line 72 and fill in the correct circle on line 72. You must complete and attach the form if you claim a waiver, use the annualized income installment method, or pay tax according to the schedule for farmers and fishermen, even if you do not owe a penalty.

See page 2, Important due dates, for more information on estimated tax payments and how to avoid the underpayment penalty.

See the instructions for line 73 for information about figuring your payment, if any.

Line 73 – Total Amount Due

Is there an amount on line 70?

Yes Add line 70, line 71, and line 72. Enter the result and make your check or money order for this amount.

No Go to the next question.

Is there an amount on line 69?

Yes Add line 71 and line 72. If the result is:

- Less than line 69, your refund will be reduced by this amount when your return is processed. Do not enter an amount on line 73.

- More than line 69, subtract line 69 from the sum of line 71 and line 72 and enter the result. Use Web Pay to pay online. Go to our Website at www.ftb.ca.gov and select **Payment options**. Or, make your check or money order for the amount on line 73.

No Add line 71 and line 72 and enter the result.

Line 74 – 2006 Tax Forms

If your Form 540 is prepared by someone else, or if you do not need forms mailed to you next year, fill in the circle on line 74.

Direct Deposit (Refund Only)

Direct Deposit of Refund

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540, Side 2. Please be sure to fill in the routing and account numbers and also indicate the account type. **Do not** attach a voided check or deposit slip. See the illustration below.



Do not use a deposit slip to find the bank numbers. Contact your financial institution for assistance in getting the correct routing number.

The Franchise Tax Board is not responsible when a financial institution rejects a direct deposit. If the bank or financial institution rejects the direct deposit due to an error in the routing number, the Franchise Tax Board will issue a paper check.

John Doe
Mary Doe
1234 Main Street
Anytown, CA 99999

PAY TO THE ORDER OF \$

ANYTOWN BANK
Anytown, CA 99999

For

Routing number: 250250025
Account number: 202020
Check number: 1234

Do not include the check number

1234
15-0000/0000

I : 250250025 I : 202020 • 1234

Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also. See page 8 "Helpful Hints," for more information on verifying and checking information on your return, attachments to your return, and assembling and mailing your return.

Joint Return. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may be liable. See "Innocent Spouse Relief," on page 73.

For information about Power of Attorney, visit our Website at www.ftb.ca.gov.

Sales and Use Tax Rates by County

(Includes state, local, and district taxes)
As of December 31, 2005

County	Rate
Alameda	8.75%
Alpine	7.25%
Amador	7.25%
Butte	7.25%
Calaveras	7.25%
Colusa	7.25%
Contra Costa ⁶	8.25%
Del Norte	7.25%
El Dorado ⁶	7.25%
Fresno ^{1,6}	7.975%
Glenn	7.25%
Humboldt ⁶	7.25%
Imperial ⁶	7.75%

County	Rate
Inyo	7.75%
Kern	7.25%
Kings	7.25%
Lake ⁶	7.25%
Lassen	7.25%
Los Angeles ⁶	8.25%
Madera ²	7.25%
Marin ³	7.75%
Mariposa ⁴	7.75%
Mendocino ⁶	7.25%
Merced ⁶	7.25%
Modoc	7.25%
Mono	7.25%
Monterey ⁶	7.25%
Napa	7.75%
Nevada ⁶	7.375%
Orange	7.75%
Placer	7.25%
Plumas	7.25%
Riverside	7.75%
Sacramento	7.75%
San Benito ⁶	7.25%
San Bernardino ⁶	7.75%
San Diego ⁶	7.75%
San Francisco	8.50%
San Joaquin ⁶	7.75%
San Luis Obispo	7.25%
San Mateo	8.25%
Santa Barbara	7.75%
Santa Clara	8.25%
Santa Cruz ⁶	8.00%
Shasta	7.25%
Sierra	7.25%
Siskiyou	7.25%
Solano	7.375%
Sonoma ^{5,6}	7.75%
Stanislaus	7.375%
Sutter	7.25%
Tehama	7.25%
Trinity	7.25%
Tulare ⁶	7.25%
Tuolumne ⁶	7.25%
Ventura	7.25%
Yolo ⁶	7.25%
Yuba	7.25%

- The tax rate in the county of Fresno prior to April 1, 2005, was 7.875%.
- The tax rate in the county of Madera prior to October 1, 2005, was 7.75%.
- The tax rate in the county of Marin prior to April 1, 2005, was 7.25%.
- The tax rate in the county of Mariposa prior to April 1, 2005, was 7.25%.
- The tax rate in the county of Sonoma prior to April 1, 2005, was 7.50%.
- Many cities in California impose a district tax, which results in a higher sales and use tax rate than in other parts of the county. If you are reporting an item that was purchased for use in any of the following cities, please use the appropriate tax rates for those areas. The following tax rates apply within the city limits of the listed community.

(continued on next page)

County	City	Citywide Rate
Contra Costa	Richmond	8.75%
	(effective 4/01/2005) ^a	
El Dorado	Placerville	7.50%
El Dorado	South Lake Tahoe	7.75%
	(effective 4/01/2005) ^b	
Fresno	Clovis	8.275%
	(effective 4/01/2005) ^c	
Humboldt	Trinidad	8.25%
Imperial	Calexico	8.25%
Lake	Clearlake	7.75%
Lake	Lakeport	7.75%
	(effective 4/01/2005) ^d	
Los Angeles	Avalon	8.75%
Mendocino	Fort Bragg	7.75%
Mendocino	Point Arena	7.75%
Mendocino	Ukiah	7.75%
	(effective 10/01/2005) ^e	
Mendocino	Willits	7.75%
Merced	Los Banos	7.75%
	(effective 4/01/2005) ^f	
Monterey	Sand City	7.75%
	(effective 4/01/2005) ^g	
Nevada	Town of Truckee	7.875%
San Benito	San Juan Bautista	8.00%
	(effective 4/01/2005) ^h	
San Bernardino	Montclair	8.00%
	(effective 4/01/2005) ⁱ	
San Diego	El Cajon	8.25%
	(effective 4/01/2005) ^j	
San Joaquin	Stockton	8.00%
	(effective 4/01/2005) ^k	
Santa Cruz	Capitola	8.25%
	(effective 4/01/2005) ^l	
Santa Cruz	Santa Cruz	8.25%
Sonoma	Sebastopol	8.00%
	(effective 4/01/2005) ^m	
Sonoma	Santa Rosa	8.00%
	(effective 4/01/2005) ⁿ	
Tulare	Farmersville	7.75%
	(effective 4/01/2005) ^o	
Tulare	Visalia	7.50%
Tuolumne	Sonora	7.75%
Yolo	Davis	7.75%
Yolo	West Sacramento	7.75%
Yolo	Woodland	7.75%

a) The tax rate in Richmond prior to April 1, 2005, was 8.25%.

b) The tax rate in South Lake Tahoe prior to April 1, 2005, was 7.25%.

c) The tax rate in Clovis prior to April 1, 2005, was 8.175%.

d) The tax rate in Lakeport prior to April 1, 2005, was 7.25%.

e) The tax rate in Ukiah prior to October 1, 2005, was 7.25%.

f) The tax rate in Los Banos prior to April 1, 2005, was 7.25%.

g) The tax rate in Sand City prior to April 1, 2005, was 7.25%.

h) The tax rate in San Juan Bautista prior to April 1, 2005, was 7.25%.

i) The tax rate in Montclair prior to April 1, 2005, was 7.75%.

j) The tax rate in El Cajon prior to April 1, 2005, was 7.75%.

k) The tax rate in Stockton prior to April 1, 2005, was 7.75%.

l) The tax rate in Capitola prior to April 1, 2005, was 8.00%.

m) The tax rate in Sebastopol prior to April 1, 2005, was 7.625%.

n) The tax rate in Santa Rosa prior to April 1, 2005, was 7.50%.

o) The tax rate in Farmersville prior to April 1, 2005, was 7.25%.

CREDIT CHART

Credit Name	Code	Description
Child Adoption – Worksheet on page 20	197	50% of qualified costs in the year an adoption is ordered
Child and Dependent Care Expenses – FTB 3506 See the instructions on page 69	None	Similar to the federal credit except that the California credit amount is based on a specified percentage of the federal credit and is refundable
Community Development Financial Institution Deposits – Certification Required	209	20% of each qualified deposit made to a community development financial institution Obtain certification from: California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall, 16th Floor, Sacramento CA 95814, or go to; www.insurance.ca.gov/docs/FS-COIN.htm
Dependent Parent – See page 19	173	Must use married filing separately status and have a dependent parent
Disabled Access for Eligible Small Businesses – FTB 3548	205	Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250
Donated Agricultural Products Transportation – FTB 3547	204	50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations
Employer Child Care Contribution – FTB 3501	190	Employer: 30% of contributions to a qualified plan
Employer Child Care Program – FTB 3501	189	Employer: 30% of cost for establishing a child care program or constructing a child care facility
Enhanced Oil Recovery – FTB 3546	203	One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California
Enterprise Zone Employee – FTB 3553	169	5% of wages from work in an enterprise zone
Enterprise Zone Hiring & Sales or Use Tax – FTB 3805Z	176	Business incentives for enterprise zone businesses
Environmental Tax – FTB 3511	218	Five cents (\$.05) for each gallon of ultra low sulfur diesel fuel produced during the taxable year by a small refiner at any facility located in this state
Farmworker Housing – Certification required	207	50% of new construction or rehabilitation costs for farmworker housing Obtain certification from: Farmworker Housing Assistance Program, California Tax Credit Allocation Committee, 915 Capitol Mall, Room 485, Sacramento CA 95814
Joint Custody Head of Household – Worksheet on page 19	170	30% of tax up to \$346 for taxpayers who are single or married filing separately, who have a child and meet the support test
Joint Strike Fighter Wages – FTB 3534	215	A percentage of qualified wages paid or incurred in California in connection with the construction of a joint strike fighter
Joint Strike Fighter Property Costs – FTB 3534	216	10% of the cost of property placed in service in California for ultimate use in a joint strike fighter
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax – FTB 3807	198	Business incentives for LAMBRA's
Low-Income Housing – FTB 3521	172	Similar to the federal credit but limited to low-income housing in California
Manufacturing Enhancement Area (MEA) Hiring – FTB 3808	211	Percentage of qualified wages paid to qualified disadvantaged individuals
Natural Heritage Preservation – FTB 3503	213	55% of the fair market value of any qualified contribution of property donated to the state, any local government, or any nonprofit organization designated by a local government
Nonrefundable Renter's — See page 27	None	For California residents who paid rent for their principal residence for at least 6 months in 2005 and whose AGI does not exceed a certain limit
Other State Tax – Schedule S	187	Net income tax paid to another state or a U.S. possession on income also taxed by California
Prior Year Alternative Minimum Tax – FTB 3510	188	Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in 2005
Prison Inmate Labor – FTB 3507	162	10% of wages paid to prison inmates
Research – FTB 3523	183	Similar to the federal credit but limited to costs for research activities in California
Rice Straw – Certification required	206	\$15 per ton of purchased rice straw grown in California Obtain certification from: Rice Straw Tax Credit Program, Department of Food and Agriculture, 1220 N Street, Room A-244, Sacramento, CA 95814, or go to; www.cdfa.ca.gov
Senior Head of Household – Worksheet on page 19	163	2% of taxable income up to \$1,060 for seniors who qualified for head of household in 2003 or 2004 and whose qualifying individual died during 2003 or 2004
Solar or Wind Energy System – FTB 3508	217	The lesser of 7.5% of the cost paid or incurred for the purchase and installation of a Solar or Wind Energy System or the dollar amount per rated watt of the Solar or Wind Energy System
Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809	210	Business incentives for TTA businesses
Teacher Retention – FTB 3505	212	Credentialed teachers may be able to claim a credit of up to \$1,500 (per individual) based on years of service and the limitation based on income. The credit is suspended for taxable years 2004 and 2005.

Repealed Credits: The expiration dates for these credits have passed. However, these credits had carryover provisions. You may claim these credits only if there is a carryover available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure your credit carryover to future years.

Agricultural Products	175	Los Angeles Revitalization Zone (LARZ)	Ridesharing	171
Commercial Solar Electric System	196	Hiring & Sales or Use Tax	Salmon & Steelhead Trout Habitat	
Commercial Solar Energy	181	Low-Emission Vehicles	Restoration	200
Employee Ridesharing	194	Manufacturers' Investment	Solar Energy	180
Employer Ridesharing: Large employer	191	Orphan Drug	Solar Pump	179
Small employer	192	Political Contributions	Water Conservation	178
Transit passes	193	Recycling Equipment	Young Infant	161
Energy Conservation	182	Residential Rental & Farm Sales		

Nonrefundable Renter's Credit Qualification Record



e-file and skip this page! The software you use to e-file will help you find out if you qualify for this credit and will figure the correct amount of the credit automatically. Go to www.ftb.ca.gov.

If you were a resident of California and paid rent on property in California which was your principal residence, you may qualify for a credit that you can use to reduce your tax. Answer the questions below to see if you qualify.

1. Were you a resident¹ of California for the entire year in 2005?

YES. Go to question 2.

NO. Stop. File the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. See "Order Forms and Publications" on the back cover.

2. Is your California adjusted gross income the amount on Form 540A, line 14 or Form 540, line 17:

- \$30,794 or less if single or married filing separately; or
- \$61,588 or less if married filing jointly, head of household, or qualifying widow(er)?

YES. Go to question 3.

NO. Stop here. You do not qualify for this credit.

3. Did you pay rent, for at least half of 2005, on property (including a mobile home that you owned on rented land) in California which was your principal residence?

YES. Go to question 4.

NO. Stop here. You do not qualify for this credit.

4. Can you be claimed as a dependent by a parent, foster parent, legal guardian, or any other person in 2005?

NO. Go to question 6.

YES. Go to question 5.

5. For more than half the year in 2005, did you live in the home of the person who can claim you as a dependent?

NO. Go to question 6.

YES. Stop here. You do not qualify for this credit.

6. Was the property you rented exempt² from property tax in 2005?

NO. Go to question 7.

YES. Stop here. You do not qualify for this credit.

7. Did you claim the homeowner's property tax exemption³ anytime during 2005?

NO. Go to question 8.

YES. Stop here. You do not qualify for this credit.

8. Were you single in 2005?

YES. Go to question 11.

NO. Go to question 9.

9. Did your spouse claim the homeowner's property tax exemption³ anytime during 2005?

NO. Go to question 11.

YES. Go to question 10.

10. Did you and your spouse maintain separate residences for the entire year in 2005?

YES. Go to question 11.

NO. Stop here. You do not qualify for this credit.

11. If you are:

- Single or married filing separately,⁴ enter \$60 below.
- Married filing jointly, head of household, or qualifying widow(er), enter \$120 below. Enter this figure on Form 540A, line 19 or Form 540, line 31.

\$ _____

Fill in the street address(es) and landlord information below for the residence(s) you rented in California during 2005 which qualified you for this credit.

Do Not Mail This Record



Street Address

City, State, and ZIP Code

Dates Rented in 2005 (From _____ to _____)

a _____

b _____

Enter the name, address, and telephone number of your landlord(s) or the person(s) to whom you paid rent for the residence(s) listed above.

Name

Street Address

City, State, ZIP Code, and Telephone Number

a _____

b _____

¹ Military personnel. If you are not a legal resident of California, you do not qualify for this credit. However, your spouse may claim this credit if he or she was a resident, did not live in military housing during 2005, and is otherwise qualified.

² Property exempt from property taxes. You do not qualify for this credit if, for more than half of the year, you rented property that was exempt from property taxes. Exempt property includes most government-owned buildings, church-owned parsonages, college dormitories, and military barracks. However, if you or your landlord paid possessory interest taxes for the property you rented, then you may claim this credit.

³ Homeowner's property tax exemption. You do not qualify for this credit if you or your spouse received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse for the entire year and your spouse received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

⁴ Married filing separate returns. If you and your spouse file separate returns, lived in the same rental property and both qualify for this credit, one spouse may claim the full amount of this credit (\$120), or each spouse may claim half of the amount (\$60 each).

Voluntary Contribution Fund Descriptions

You may make contributions to the California Seniors Special Fund or make other voluntary contributions of \$1 or more in whole dollar amounts. The amount you contribute either reduces your overpaid tax or increases your tax due. You may contribute only to the funds listed and cannot change the amount you contributed after you file your return.

If you are using:

- Form 540A, enter the amounts you want to contribute on the line for the fund on Side 2. Enter the total contributions on line 38.
- Form 540, enter the amounts you want to contribute on the line for the fund on Side 2. Enter the total contributions on line 68.

Code	Fund Name and Description	Code	Fund Name and Description
◀ 52 ▶	California Seniors Special Fund. If you and/or your spouse are 65 years of age* or older and claim the Senior Exemption Credit on line 9, you may make a combined total contribution of up to \$174 or \$87 per spouse. Contributions entered to this fund will be distributed to the Area Agency of Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizens issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation. *If your 65th birthday is on January 1, 2006, you are considered to be age 65 on December 31, 2005.	◀ 59 ▶	Emergency Food Assistance Program Fund. Contributions will be used to help local food banks feed California's hungry. Your contribution will fund the purchase of much-needed food for delivery to food banks, pantries, and soup kitchens throughout the state. The State Department of Social Services will monitor its distribution to ensure the food is given to those most in need.
◀ 53 ▶	Alzheimer's Disease/Related Disorders Fund. Contributions will be used to conduct a program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.	◀ 60 ▶	California Peace Officer Memorial Foundation Fund. Contributions will be used to preserve the memory of California's fallen peace officers and assist the families they left behind. Since statehood, over 1,300 courageous California peace officers have made the ultimate sacrifice while protecting law-abiding citizens. The non-profit charitable organization, California Peace Officers' Memorial Foundation, has accepted the privilege and responsibility of maintaining a memorial for fallen officers on the State Capitol grounds. Each May, the Memorial Foundation conducts a dignified ceremony honoring fallen officers and their surviving families by offering moral support, crisis counseling, and financial support that includes academic scholarships for the children of those officers who have made the supreme sacrifice. On behalf of all of us and the law-abiding citizens of California, thank you for your participation.
◀ 54 ▶	California Fund for Senior Citizens. Contributions will provide support for the California Senior Legislature (CSL). The CSL are volunteers who prioritize statewide senior related legislative proposals in areas of health, housing, transportation, and community services. Any excess contributions not required by the CSL will be distributed to senior citizen service organizations throughout California.	◀ 63 ▶	California Military Family Relief Fund Contributions will be used to provide financial aid grants to members of the California National Guard who are California residents, and have been called to active duty.
◀ 55 ▶	Rare and Endangered Species Preservation Program. Contributions will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment and benefit of you and future generations of Californians.	◀ 64 ▶	California Prostate Cancer Research Fund Contributions will be used to further the research of Prostate Cancer.
◀ 56 ▶	State Children's Trust Fund for the Prevention of Child Abuse. Contributions will be used to fund programs for the prevention, intervention, and treatment of child abuse and neglect.	◀ 65 ▶	Veterans' Quality of Life Fund Contributions will be allocated to the Morale, Welfare, and Recreation Fund to provide additional funding for each of the veterans' homes.
◀ 57 ▶	California Breast Cancer Research Fund. Contributions will fund research toward preventing and curing breast cancer. Breast cancer is the most common cancer to strike women in California. It kills 4,000 California women each year. Contributions also fund research on prevention and better treatment, and keep doctors up-to-date on research progress. For more about the research your contributions support, please see our Website at www.cbcrp.org . Your contribution can help make breast cancer a disease of the past.	◀ 66 ▶	California Sexual Violence Victim Services Fund Contributions will be allocated to the State Department of Health Services for allocation to the California Coalition Against Sexual Assault (CALCASA) for the award of grants to support CALCASA rape crisis center programs for victims of rape and sexual assault.
◀ 58 ▶	California Firefighters' Memorial Fund. Contributions will be used for the repair and maintenance of the California Firefighters' Memorial on the grounds of the State Capitol, ceremonies to honor the memory of fallen firefighters and to assist surviving loved ones, and for an informational guide detailing survivor benefits to assist the spouses and children of fallen firefighters.	◀ 67 ▶	California Colorectal Cancer Prevention Fund Contributions will be allocated to the State Department of Health Services for making grants to foundations that qualify as exempt organizations and whose mission is the prevention and early detection of colorectal cancer. The grants shall contribute toward the expansion of community-based colorectal cancer education and culturally sensitive and appropriate prevention activities targeted toward communities that are disproportionately at risk or afflicted by colorectal cancer.

Part II Adjustments to Federal Itemized Deductions

- 38** Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27 **38** _____
- 39** Enter total of federal Schedule A (Form 1040), line 5 (State Disability Insurance and state and local income tax, or General Sales Tax) and line 8 (foreign taxes **only**). See instructions **39** _____
- 40** Subtract line 39 from line 38 **40** _____
- 41** Other adjustments including California lottery losses. See instructions. Specify _____ **41** _____
- 42** Combine line 40 and line 41 **42** _____
- 43** Is your federal AGI (Form 540, line 13) more than the amount shown below for your filing status?
- | | |
|------------------------------------------------------|------------------|
| Single or married filing separately | \$143,839 |
| Head of household | \$215,762 |
| Married filing jointly or qualifying widow(er) | \$287,682 |
- No.** Transfer the amount on line 42 to line 43
- Yes.** Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 43 **43**
- 44** Enter the larger of the amount on line 43 or your standard deduction listed below
- | | |
|--------------------------------------------------------------------------|----------------|
| Single or married filing separately | \$3,254 |
| Married filing jointly, head of household, or qualifying widow(er) | \$6,508 |
- Transfer the amount on line 44 to Form 540, line 18 **44**

CA (540)

Name(s) as shown on return

Social security number

A	B	C
Federal Amounts (taxable amounts from	Subtractions See instructions	Additions See instructions

A	B	C
Federal Amounts (taxable amounts from	Subtractions See instructions	Additions See instructions

Section B – Adjustments to Income

37	Total. Subtract line 36 from line 22 in columns A, B, and C. See instructions	37			
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Part II Adjustments to Federal Itemized Deductions

38	Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27	38	_____
39	Enter total of federal Schedule A (Form 1040), line 5 (State Disability Insurance and state and local income tax, or General Sales Tax) and line 8 (foreign taxes only). See instructions	39	_____
40	Subtract line 39 from line 38	40	_____
41	Other adjustments including California lottery losses. See instructions. Specify _____	41	_____
42	Combine line 40 and line 41	42	_____
43	Is your federal AGI (Form 540, line 13) more than the amount shown below for your filing status?		
	Single or married filing separately	\$143,839	
	Head of household	\$215,762	
	Married filing jointly or qualifying widow(er)	\$287,682	
	No. Transfer the amount on line 42 to line 43		<div></div>
	Yes. Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 43	43	<div></div>
44	Enter the larger of the amount on line 43 or your standard deduction listed below		
	Single or married filing separately	\$3,254	
	Married filing jointly, head of household, or qualifying widow(er)	\$6,508	
	Transfer the amount on line 44 to Form 540, line 18	44	<div></div>

California Resident Income Tax Return 2005

540A C1 Side 1

Place
label here
or printName
and
Address

Your first name

Initial

Last name

If joint return, spouse's first name

Initial

Last name

Present home address — number and street, PO Box, or rural route

Apt. no.

PMB no.

City, town, or post office (If you have a foreign address, see instructions, page 9)

State

ZIP Code

SSN
or
ITIN

Your SSN or ITIN

Spouse's SSN or ITIN

IMPORTANT:
Your SSN or ITIN
is required.Prior
Name

If you filed your 2004 tax return under a different last name, write the last name only from the 2004 tax return.

Taxpayer

Spouse

Filing
Status

Fill in only one.

- 1 ☐ Single
- 2 ☐ Married filing jointly (even if only one spouse had income)
- 3 ☐ Married filing separately. Enter spouse's social security number above and full name here _____
- 4 ☐ Head of household (with qualifying person). STOP. See instructions, page 9.
- 5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died _____.

Exemptions

Enclose, but
do not staple,
any payment.

- 6 If your parent, (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle ● 6 ☐
- For line 7, line 8, line 9, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line.

7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2in the box. If you filled in the circle on line 6, see instructions, page 10 7 ☐ X \$87 = \$ _____8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 8 ☐ X \$87 = \$ _____9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 ● 9 ☐ X \$87 = \$ _____Dependent
Exemptions10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**Total dependent exemptions ● 10 ☐ X \$272 = \$ _____11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 18 11 \$ _____Taxable
Income
and
California
Income
AdjustmentsStandard
DeductionSingle or
Married
filing
separately,
\$3,254Married filing
jointly,
Head of
household, or
Qualifying
widow(er),
\$6,508

12 a State wages from your Form(s) W-2, box 16 or CA Sch. W-2, line C ● 12a _____

12 b Enter federal adjusted gross income from your Form 1040EZ, line 4;

Form 1040A, line 21; or Form 1040, line 37 12b _____

13 **California Income Adjustments.** See instructions, page 10 for line 13a through line 13f.

a State income tax refund 13a _____

b Unemployment compensation 13b _____

c U.S. social security or railroad retirement 13c _____

d California non-taxable interest or dividend income 13d _____

e California IRA distributions 13e _____

f Non-taxable pensions and annuities. See instructions, page 11 .. 13f _____

g Total California income adjustments. Add line 13a through line 13f ● 13g _____

14 Subtract line 13g from line 12b. This is your California adjusted gross income.

See instructions, page 11 ● 14 _____

15 Enter the larger of your California **Itemized deductions** or **Standard deduction**

(see instructions). If the circle on line 6 is filled in, STOP. See instructions, page 11 ● 15 _____

16 Subtract line 15 from line 14. This is your taxable income. If less than zero, enter -0- 16 _____

17 Tax. See Tax Table. 17 _____

18 Exemption credits. Enter the amount from line 11.

If line 12b is more than \$143,839, see instructions, page 12 18 _____

19 Nonrefundable renter's credit. See instructions, page 13 ● 19 _____

20 Total credits. Add line 18 and line 19 20 _____

21 Subtract line 20 from line 17 ● 21 _____

22 Mental Health Services Tax. See instructions, page 13 ● 22 _____

23 Add line 21 and line 22. This is your total tax. If less than zero, enter -0- ● 23 _____

Tax and
CreditsAttach copy of
Form W-2, W-2G
and Form(s) 1099
here. If you
completed a CA
Sch W-2, attach it
to the back of your
return.

Your name: _____ Your SSN or ITIN: _____

**Overpaid
Tax/
Tax Due**

- 24 Enter the amount from Side 1, line 23 24 _____
- 25 California income tax withheld. See instructions, page 13 ■ 25 _____
- 26 2005 California estimated tax and payment with
form FTB 3519 and amount applied from 2004 return . ■ 26 _____
- 27 Excess SDI. To see if you qualify, see page 13 ■ 27 _____

To view your
2005 estimated
payments, go to
www.ftb.ca.gov

Child and Dependent Care Expenses Credit. See instructions, page 13.
Attach form FTB 3506.

**Do not
attach a
copy of
your
federal
return.**

- 28 _____
- 29 _____
- 30 _____ ■ 31 _____
- 32 Total payments and credits. Add line 25, line 26, line 27, and line 31 32 _____
- 33 Overpaid tax. If line 32 is more than line 24, subtract line 24 from line 32 33 _____
- 34 Enter the amount of line 33 you want applied to your **2006** estimated tax ■ 34 _____
- 35 Overpaid tax available this year. Subtract line 34 from line 33 ■ 35 _____
- 36 Tax due. If line 32 is less than line 24, subtract line 32 from line 24. See instructions, page 14 ... 36 _____

Use Tax

- 37 Use Tax. **This is not a total line.** See instructions, page 14 ● 37 _____ 0 0

Contributions

- | | |
|--------------------------------------------------------------------------------------|-------------------------------------------------------------|
| CA Seniors Special Fund. See instructions, page 28 ● 52 _____ 00 | Emergency Food Assistance Program Fund . ● 59 _____ 00 |
| Alzheimer's Disease/Related Disorders Fund ● 53 _____ 00 | CA Peace Officer Memorial Foundation Fund .. ● 60 _____ 00 |
| CA Fund for Senior Citizens ● 54 _____ 00 | CA Military Family Relief Fund ● 63 _____ 00 |
| Rare and Endangered Species Preservation Program ● 55 _____ 00 | CA Prostate Cancer Research Fund ● 64 _____ 00 |
| State Children's Trust Fund for the Prevention
of Child Abuse ● 56 _____ 00 | Veterans' Quality of Life Fund ● 65 _____ 00 |
| CA Breast Cancer Research Fund ● 57 _____ 00 | CA Sexual Violence Victim Services Fund ● 66 _____ 00 |
| CA Firefighters' Memorial Fund ● 58 _____ 00 | CA Colorectal Cancer Prevention Fund ● 67 _____ 00 |
- 38 Add line 52 through line 67. These are your total contributions ● 38 _____

**Refund or
Amount
You Owe**

- 39 **REFUND or NO AMOUNT DUE.** See instructions, page 15. _____
- Mail to: **FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002** ■ 39 _____
- 40 **AMOUNT YOU OWE.** See instructions, page 15. _____
- Mail to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001** ■ 40 _____
- Pay Online – Go to our Website at www.ftb.ca.gov.
- 41 Underpayment of estimated tax. If form FTB 5805 is attached, fill in this circle ○ ■ 41 _____
- 42 If you **do not** need California income tax forms mailed to you next year, fill in the circle ● 42 ○ _____

**Direct
Deposit
(Refund
Only)**

- Get your refund faster with Direct Deposit.**
Do not attach a voided check or a deposit slip. See instructions, page 15.
Fill in the boxes to have your refund directly deposited. Routing number ● _____
- Account Type:
Checking ● ☐ Savings ● ☐ Account number ● _____

Sign Here

It is unlawful to
forge a spouse's
signature.

Joint return?
See instructions,
page 16.

- Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct, and complete. **3**
- Your signature _____ Spouse's signature (if filing jointly, both must sign) _____ Daytime phone number (optional) _____
() _____
- X _____ X _____ Date _____
- Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) _____ Paid preparer's SSN/PTIN _____
- Firm's name (or yours if self-employed) _____ Firm's address _____ FEIN _____

California Resident Income Tax Return 2005**540A** C1 Side 1Place
label here
or print**Name
and
Address**

Your first name

Initial

Last name

If joint return, spouse's first name

Initial

Last name

Present home address — number and street, PO Box, or rural route

Apt. no.

PMB no.

City, town, or post office (If you have a foreign address, see instructions, page 9)

State

ZIP Code

**SSN
or
ITIN**

Your SSN or ITIN

Spouse's SSN or ITIN

IMPORTANT:
Your SSN or ITIN
is required.**Prior
Name**

If you filed your 2004 tax return under a different last name, write the last name only from the 2004 tax return.

Taxpayer

Spouse

**Filing
Status**

Fill in only one.

- 1 ☐ Single
- 2 ☐ Married filing jointly (even if only one spouse had income)
- 3 ☐ Married filing separately. Enter spouse's social security number above and full name here _____
- 4 ☐ Head of household (with qualifying person). STOP. See instructions, page 9.
- 5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died _____.

ExemptionsEnclose, but
do not staple,
any payment.

- 6 If your parent, (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle ● 6 ☐

► For line 7, line 8, line 9, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line.

- 7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see instructions, page 10 7 ☐ X \$87 = \$ _____

- 8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 8 ☐ X \$87 = \$ _____

- 9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 ● 9 ☐ X \$87 = \$ _____

**Dependent
Exemptions**

- 10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**

_____ Total dependent exemptions ● 10 ☐ X \$272 = \$ _____

- 11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 18 11 \$ _____

**Taxable
Income
and
California
Income
Adjustments****Standard
Deduction**Single or
Married
filing
separately,
\$3,254Married filing
jointly,
Head of
household, or
Qualifying
widow(er),
\$6,508

- 12 a State wages from your Form(s) W-2, box 16 or CA Sch. W-2, line C ● 12a _____

- 12 b Enter federal adjusted gross income from your Form 1040EZ, line 4;
Form 1040A, line 21; or Form 1040, line 37 12b _____

- 13 **California Income Adjustments.** See instructions, page 10 for line 13a through line 13f.

- a State income tax refund 13a _____

- b Unemployment compensation 13b _____

- c U.S. social security or railroad retirement 13c _____

- d California non-taxable interest or dividend income 13d _____

- e California IRA distributions 13e _____

- f Non-taxable pensions and annuities. See instructions, page 11 .. 13f _____

- g Total California income adjustments. Add line 13a through line 13f ● 13g _____

- 14 Subtract line 13g from line 12b. This is your California adjusted gross income.
See instructions, page 11 ● 14 _____

- 15 Enter the larger of your California **Itemized deductions** or **Standard deduction**
(see instructions). If the circle on line 6 is filled in, STOP. See instructions, page 11 ● 15 _____

- 16 Subtract line 15 from line 14. This is your taxable income. If less than zero, enter -0- 16 _____

- 17 Tax. See Tax Table. 17 _____

- 18 Exemption credits. Enter the amount from line 11.
If line 12b is more than \$143,839, see instructions, page 12 18 _____

- 19 Nonrefundable renter's credit. See instructions, page 13 ● 19 _____

- 20 Total credits. Add line 18 and line 19 20 _____

- 21 Subtract line 20 from line 17 ● 21 _____

- 22 Mental Health Services Tax. See instructions, page 13 ● 22 _____

- 23 Add line 21 and line 22. This is your total tax. If less than zero, enter -0- ● 23 _____

**Tax and
Credits**Attach copy of
Form W-2, W-2G
and Form(s) 1099
here. If you
completed a CA
Sch W-2, attach it
to the back of your
return.

Your name: _____ Your SSN or ITIN: _____

**Overpaid
Tax/
Tax Due**

- 24 Enter the amount from Side 1, line 23 24 _____
- 25 California income tax withheld. See instructions, page 13 ■ 25 _____
- 26 2005 California estimated tax and payment with
form FTB 3519 and amount applied from 2004 return . ■ 26 _____
- 27 Excess SDI. To see if you qualify, see page 13 ■ 27 _____

To view your
2005 estimated
payments, go to
www.ftb.ca.gov

Child and Dependent Care Expenses Credit. See instructions, page 13.
Attach form FTB 3506.

**Do not
attach a
copy of
your
federal
return.**

- 28 _____
- 29 _____
- 30 _____ ■ 31 _____
- 32 Total payments and credits. Add line 25, line 26, line 27, and line 31 32 _____
- 33 Overpaid tax. If line 32 is more than line 24, subtract line 24 from line 32 33 _____
- 34 Enter the amount of line 33 you want applied to your **2006** estimated tax ■ 34 _____
- 35 Overpaid tax available this year. Subtract line 34 from line 33 ■ 35 _____
- 36 Tax due. If line 32 is less than line 24, subtract line 32 from line 24. See instructions, page 14 ... 36 _____

Use Tax

- 37 Use Tax. **This is not a total line.** See instructions, page 14 ● 37 _____ 0 0

Contributions

- | | |
|--------------------------------------------------------------------------------------|-------------------------------------------------------------|
| CA Seniors Special Fund. See instructions, page 28 ● 52 _____ 00 | Emergency Food Assistance Program Fund . ● 59 _____ 00 |
| Alzheimer's Disease/Related Disorders Fund ● 53 _____ 00 | CA Peace Officer Memorial Foundation Fund .. ● 60 _____ 00 |
| CA Fund for Senior Citizens ● 54 _____ 00 | CA Military Family Relief Fund ● 63 _____ 00 |
| Rare and Endangered Species Preservation Program ● 55 _____ 00 | CA Prostate Cancer Research Fund ● 64 _____ 00 |
| State Children's Trust Fund for the Prevention
of Child Abuse ● 56 _____ 00 | Veterans' Quality of Life Fund ● 65 _____ 00 |
| CA Breast Cancer Research Fund ● 57 _____ 00 | CA Sexual Violence Victim Services Fund ● 66 _____ 00 |
| CA Firefighters' Memorial Fund ● 58 _____ 00 | CA Colorectal Cancer Prevention Fund ● 67 _____ 00 |
- 38 Add line 52 through line 67. These are your total contributions ● 38 _____

**Refund or
Amount
You Owe**

- 39 **REFUND or NO AMOUNT DUE.** See instructions, page 15. _____
- Mail to: **FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002** ■ 39 _____
- 40 **AMOUNT YOU OWE.** See instructions, page 15. _____
- Mail to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001** ■ 40 _____
- Pay Online – Go to our Website at www.ftb.ca.gov.
- 41 Underpayment of estimated tax. If form FTB 5805 is attached, fill in this circle ○ ■ 41 _____
- 42 If you **do not** need California income tax forms mailed to you next year, fill in the circle ● 42 ○ _____

**Direct
Deposit
(Refund
Only)**

Get your refund faster with Direct Deposit.
Do not attach a voided check or a deposit slip. See instructions, page 15.
Fill in the boxes to have your refund directly deposited. Routing number ● _____

Account Type: Checking ● ☐ Savings ● ☐ Account number ● _____

Sign Here

It is unlawful to
forge a spouse's
signature.

Joint return?
See instructions,
page 16.

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct, and complete. **3**

Your signature _____ Spouse's signature (if filing jointly, both must sign) _____ Daytime phone number (optional) _____
() _____

X _____ X _____ Date _____

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) _____ Paid preparer's SSN/PTIN _____

Firm's name (or yours if self-employed) _____ Firm's address _____ FEIN _____

California Resident Income Tax Return 2005**540** C1 Side 1

Fiscal year filers only: Enter month of year end: month _____ year 2006.

Place label here or print Name and Address	Your first name		Initial	Last name		PBA Code	P AC A R RP	
	If joint return, spouse's first name		Initial	Last name				
	Present home address — number and street, PO Box, or rural route					Apt. no.		PMB no.
	City, town, or post office (If you have a foreign address, see instructions, page 17)					State		ZIP Code
SSN or ITIN	Your SSN or ITIN		Spouse's SSN or ITIN		IMPORTANT: Your SSN or ITIN is required.			

Prior Name If you filed your 2004 tax return under a different last name, write the last name only from the 2004 tax return.
 Taxpayer _____ Spouse _____

Filing Status Fill in only one.

1 ☐ Single
 2 ☐ Married filing jointly (even if only one spouse had income).
 3 ☐ Married filing separately. Enter spouse's social security number above and full name here _____
 4 ☐ Head of household (with qualifying person). STOP. See instructions, page 9.
 5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died _____

Exemptions 6 If your parent, (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle ☐ 6 ☐

Enclose, but do not staple, any payment.

► For line 7, line 8, line 9, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line.

7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see instructions, page 10 7 ☐ X \$87 = \$ _____

8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 8 ☐ X \$87 = \$ _____

9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 9 ☐ X \$87 = \$ _____

Dependent Exemptions

10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**

_____ Total dependent exemptions 10 ☐ X \$272 = \$ _____

11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 21 11 \$ _____

Taxable Income

12 State wages from your Form(s) W-2, box 16 or CA Sch. W-2, line C 12 _____

13 Enter federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4 13 _____

14 California adjustments — subtractions. Enter the amount from Schedule CA (540), line 37, column B 14 _____

15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions, page 17 15 _____

16 California adjustments — additions. Enter the amount from Schedule CA (540), line 37, column C 16 _____

17 California adjusted gross income. Combine line 15 and line 16 17 _____

18 Enter the larger of:
 Your California **itemized deductions** from Schedule CA (540), line 44; **OR**
 Your California **standard deduction** shown below for your filing status:
 • Single or Married filing separately \$3,254
 • Married filing jointly, Head of household, or Qualifying widow(er) \$6,508
 If the circle on line 6 is filled in, STOP. See instructions, page 17 18 _____

19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19 _____

Tax

20 Tax. Fill in circle if from: ☐ Tax Table ☐ Tax Rate Schedule ☐ FTB 3800 or ☐ FTB 3803 20 ☒

Caution: If under age 14 and you have more than \$1,600 of investment income, read the line 20 instructions to see if you must attach form FTB 3800 or FTB 3803.

21 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$143,839, see instructions, page 18 21 _____

22 Subtract line 21 from line 20. If less than zero, enter -0- 22 _____

23 Tax. See instructions, page 18.

Fill in circle if from: ☐ Schedule G-1, Tax on Lump-Sum Distributions
☐ Form FTB 5870A, Tax on Accumulation Distribution of Trusts 23 ☒

24 Add line 22 and line 23. Continue to Side 2 24 _____

Attach copy of your Form(s) W-2, W-2G, 592-B, 593-B, and 594 here. If you completed CA Sch W-2, attach it to the back of your return

Also attach any Form(s) 1099 showing California tax withheld.

Your name: _____ Your SSN or ITIN: _____

Special Credits and Nonrefundable Renter's Credit	25	Amount from Side 1, line 24	.....	25	_____
	28	Enter credit name _____ code no _____ and amount	▶ 28	_____	_____
	29	Enter credit name _____ code no _____ and amount	▶ 29	_____	_____
	30	To claim more than two credits, see instructions, page 19	● 30	_____	_____
	31	Nonrefundable renter's credit. See instructions, page 20	● 31	_____	_____
	32	Add line 28 through line 31. These are your total credits	.....	32	_____
	33	Subtract line 32 from line 25. If less than zero, enter -0-	.....	33	_____

Other Taxes	34	Alternative minimum tax. Attach Schedule P (540)	.....	● 34	_____
	35	Mental Health Services Tax. See instructions, page 20	.....	● 35	_____
	36	Other taxes and credit recapture. See instructions, page 20	.....	● 36	_____
	37	Add line 33 through line 36. This is your total tax	.....	● 37	_____

Payments	38	California income tax withheld. See instructions, page 20	.....	■ 38	_____
	39	2005 CA estimated tax and other payments. See instructions, page 20	.....	■ 39	_____
	40	Real estate withholding. (Form(s) 592-B, 593-B, and 594) See instructions, page 21	.....	■ 40	_____
	41	Excess SDI. To see if you qualify, see instructions, page 21	.....	■ 41	_____

Child and Dependent Care Expenses Credit. See instructions, page 21; attach form FTB 3506.

	● 42	_____	● 43	_____	
	■ 44	_____		■ 45	_____
	46	Add line 38, line 39, line 40, line 41, and line 45. See instructions page 21	.....	46	_____

Overpaid Tax/ Tax Due	47	Overpaid tax. If line 46 is more than line 37, subtract line 37 from line 46	.....	47	_____
	48	Amount of line 47 you want applied to your 2006 estimated tax	.....	■ 48	_____
	49	Overpaid tax available this year. Subtract line 48 from line 47	.....	■ 49	_____
	50	Tax due. If line 46 is less than line 37, subtract line 46 from line 37. See instructions, page 21	.....	50	_____

Use Tax	51	Use Tax. This is not a total line. See instructions, page 22	● 51	_____00
----------------	-----------	---------------------------------------------------------------------	-------	-------------	---------

Contributions	CA Seniors Special Fund. See instructions, page 28	.....	● 52	_____00	Emergency Food Assistance Program Fund	.....	● 59	_____00
	Alzheimer's Disease/Related Disorders Fund	.....	● 53	_____00	CA Peace Officer Memorial Foundation Fund	.....	● 60	_____00
	CA Fund for Senior Citizens	.....	● 54	_____00	CA Military Family Relief Fund	.....	● 63	_____00
	Rare and Endangered Species Preservation Program	.....	● 55	_____00	CA Prostate Cancer Research Fund	.....	● 64	_____00
	State Children's Trust Fund for the Prevention of Child Abuse	.....	● 56	_____00	Veterans' Quality of Life Fund	.....	● 65	_____00
	CA Breast Cancer Research Fund	.....	● 57	_____00	CA Sexual Violence Victim Services Fund	.....	● 66	_____00
	CA Firefighters' Memorial Fund	.....	● 58	_____00	CA Colorectal Cancer Prevention Fund	.....	● 67	_____00
	68	Add line 52 through line 67. These are your total contributions	.....	● 68	_____			

Refund or Amount You Owe	69	REFUND OR NO AMOUNT DUE. See instructions, page 22. Mail to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002	.....	■ 69	_____
	70	AMOUNT YOU OWE. See instructions, page 22. Mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001	.....	■ 70	_____

Interest and Penalties	71	Interest, late return penalties, and late payment penalties	.....	71	_____
	72	Underpayment of estimated tax. Fill in circle: <input type="radio"/> FTB 5805 attached <input type="radio"/> FTB 5805F attached	.....	■ 72	_____
	73	Total amount due. See instructions, page 23. Enclose, but do not staple, any payment	.....	73	_____
	74	If you do not need California income tax forms mailed to you next year, fill in the circle	.....	● 74	<input type="radio"/>

Direct Deposit (Refund Only)	Do not attach a voided check or a deposit slip. See instructions, page 24		
	Fill in the boxes to have your refund directly deposited. Routing number		.....
	Account Type: Checking ● <input type="checkbox"/> Savings ● <input type="checkbox"/>	Account number	.....

Sign Here

It is unlawful to forge a spouse's signature.

Joint return? See instructions, page 24.

IMPORTANT: See the instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.			3
Your signature	Spouse's signature (if filing jointly, both must sign)	Daytime phone number (optional)	
X	X	() _____	
Paid preparer's signature (<i>declaration of preparer is based on all information of which preparer has any knowledge</i>)		Date _____	
Firm's name (or yours if self-employed)		Paid preparer's SSN/PTIN	
Firm's address		FEIN	

California Resident Income Tax Return 2005**540** C1 Side 1

Fiscal year filers only: Enter month of year end: month _____ year 2006.

Place label here or print Name and Address	Your first name		Initial	Last name		PBA Code	P AC A R RP	
	If joint return, spouse's first name		Initial	Last name				
	Present home address — number and street, PO Box, or rural route					Apt. no.		PMB no.
	City, town, or post office (If you have a foreign address, see instructions, page 17)					State		ZIP Code
SSN or ITIN	Your SSN or ITIN		Spouse's SSN or ITIN		IMPORTANT: Your SSN or ITIN is required.			

Prior Name If you filed your 2004 tax return under a different last name, write the last name only from the 2004 tax return.
 Taxpayer _____ Spouse _____

Filing Status Fill in only one.

1 ☐ Single
 2 ☐ Married filing jointly (even if only one spouse had income).
 3 ☐ Married filing separately. Enter spouse's social security number above and full name here _____
 4 ☐ Head of household (with qualifying person). STOP. See instructions, page 9.
 5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died _____

Exemptions 6 If your parent, (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle ☐ 6 ☐

Enclose, but do not staple, any payment.

► For line 7, line 8, line 9, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line.

7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see instructions, page 10 7 ☐ X \$87 = \$ _____

8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 8 ☐ X \$87 = \$ _____

9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 9 ☐ X \$87 = \$ _____

Dependent Exemptions

10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**

_____ Total dependent exemptions 10 ☐ X \$272 = \$ _____

11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 21 11 \$ _____

Taxable Income

12 State wages from your Form(s) W-2, box 16 or CA Sch. W-2, line C 12 _____

13 Enter federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4 13 _____

14 California adjustments — subtractions. Enter the amount from Schedule CA (540), line 37, column B 14 _____

15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions, page 17 15 _____

16 California adjustments — additions. Enter the amount from Schedule CA (540), line 37, column C 16 _____

17 California adjusted gross income. Combine line 15 and line 16 17 _____

18 Enter the larger of:
 Your California **itemized deductions** from Schedule CA (540), line 44; **OR**
 Your California **standard deduction** shown below for your filing status:
 • Single or Married filing separately \$3,254
 • Married filing jointly, Head of household, or Qualifying widow(er) \$6,508
 If the circle on line 6 is filled in, STOP. See instructions, page 17 18 _____

19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19 _____

Tax

20 Tax. Fill in circle if from: ☐ Tax Table ☐ Tax Rate Schedule ☐ FTB 3800 or ☐ FTB 3803 20 ☒

Caution: If under age 14 and you have more than \$1,600 of investment income, read the line 20 instructions to see if you must attach form FTB 3800 or FTB 3803.

21 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$143,839, see instructions, page 18 21 _____

22 Subtract line 21 from line 20. If less than zero, enter -0- 22 _____

23 Tax. See instructions, page 18.

Fill in circle if from: ☐ Schedule G-1, Tax on Lump-Sum Distributions
☐ Form FTB 5870A, Tax on Accumulation Distribution of Trusts 23 ☒

24 Add line 22 and line 23. Continue to Side 2 24 _____

Attach copy of your Form(s) W-2, W-2G, 592-B, 593-B, and 594 here. If you completed CA Sch W-2, attach it to the back of your return

Also attach any Form(s) 1099 showing California tax withheld.

Your name: _____ Your SSN or ITIN: _____

Special Credits and Nonrefundable Renter's Credit	25	Amount from Side 1, line 24	.....	25	_____
	28	Enter credit name _____ code no _____ and amount	▶ 28	_____	_____	
	29	Enter credit name _____ code no _____ and amount	▶ 29	_____	_____	
	30	To claim more than two credits, see instructions, page 19	● 30	_____	_____	
	31	Nonrefundable renter's credit. See instructions, page 20	● 31	_____	_____	
	32	Add line 28 through line 31. These are your total credits	.....	32	_____
		33	Subtract line 32 from line 25. If less than zero, enter -0-	33	_____

Other Taxes	34	Alternative minimum tax. Attach Schedule P (540)	.....	● 34	_____
	35	Mental Health Services Tax. See instructions, page 20	.....	● 35	_____
	36	Other taxes and credit recapture. See instructions, page 20	.....	● 36	_____
	37	Add line 33 through line 36. This is your total tax	.....	● 37	_____

Payments	38	California income tax withheld. See instructions, page 20	.....	■ 38	_____
	39	2005 CA estimated tax and other payments. See instructions, page 20	.....	■ 39	_____
	40	Real estate withholding. (Form(s) 592-B, 593-B, and 594) See instructions, page 21	.....	■ 40	_____
	41	Excess SDI. To see if you qualify, see instructions, page 21	.....	■ 41	_____

Child and Dependent Care Expenses Credit. See instructions, page 21; attach form FTB 3506.

	● 42	_____	● 43	_____	■ 45	_____
	■ 44	_____				
	46	Add line 38, line 39, line 40, line 41, and line 45. See instructions page 21	.....	46	_____	

Overpaid Tax/ Tax Due	47	Overpaid tax. If line 46 is more than line 37, subtract line 37 from line 46	.....	47	_____
	48	Amount of line 47 you want applied to your 2006 estimated tax	.....	■ 48	_____
	49	Overpaid tax available this year. Subtract line 48 from line 47	.....	■ 49	_____
	50	Tax due. If line 46 is less than line 37, subtract line 46 from line 37. See instructions, page 21	.....	50	_____

Use Tax	51	Use Tax. This is not a total line. See instructions, page 22	● 51	_____	00
----------------	-----------	---------------------------------------------------------------------	-------	-------------	-------	-----------

Contributions				
CA Seniors Special Fund. See instructions, page 28	..... ● 52 _____ 00		
Alzheimer's Disease/Related Disorders Fund	..... ● 53 _____ 00		
CA Fund for Senior Citizens	..... ● 54 _____ 00		
Rare and Endangered Species Preservation Program	..... ● 55 _____ 00		
State Children's Trust Fund for the Prevention of Child Abuse	..... ● 56 _____ 00		
CA Breast Cancer Research Fund	..... ● 57 _____ 00		
CA Firefighters' Memorial Fund	..... ● 58 _____ 00		
Emergency Food Assistance Program Fund	..... ● 59 _____ 00		
CA Peace Officer Memorial Foundation Fund	..... ● 60 _____ 00		
CA Military Family Relief Fund	..... ● 63 _____ 00		
CA Prostate Cancer Research Fund	..... ● 64 _____ 00		
Veterans' Quality of Life Fund	..... ● 65 _____ 00		
CA Sexual Violence Victim Services Fund	..... ● 66 _____ 00		
CA Colorectal Cancer Prevention Fund	..... ● 67 _____ 00		
68	Add line 52 through line 67. These are your total contributions	● 68	_____

Refund or Amount You Owe	69	REFUND OR NO AMOUNT DUE. See instructions, page 22. Mail to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002	.....	■ 69	_____
	70	AMOUNT YOU OWE. See instructions, page 22. Mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001	.....	■ 70	_____

Interest and Penalties	71	Interest, late return penalties, and late payment penalties	.....	71	_____
	72	Underpayment of estimated tax. Fill in circle: <input type="radio"/> FTB 5805 attached <input type="radio"/> FTB 5805F attached	.....	■ 72	_____
	73	Total amount due. See instructions, page 23. Enclose, but do not staple, any payment	.....	73	_____
	74	If you do not need California income tax forms mailed to you next year, fill in the circle	.....	● 74	<input type="radio"/>

Direct Deposit (Refund Only)	Do not attach a voided check or a deposit slip. See instructions, page 24	
	Fill in the boxes to have your refund directly deposited. Routing number	
	Account Type: Checking ● <input type="checkbox"/> Savings ● <input type="checkbox"/>	Account number

Sign Here

It is unlawful to forge a spouse's signature.

Joint return? See instructions, page 24.

IMPORTANT: See the instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.			3
Your signature	Spouse's signature (if filing jointly, both must sign)	Daytime phone number (optional)	
X	X	() _____	
Paid preparer's signature (<i>declaration of preparer is based on all information of which preparer has any knowledge</i>)		Date _____	
Firm's name (or yours if self-employed)		Paid preparer's SSN/PTIN	
Firm's address		FEIN	

Instructions for Form FTB 3519

Automatic Extension for Individuals

General Information

Use form FTB 3519 **only** if:

- You cannot file your 2005 return* by April 17, 2006; **and**
- You owe tax for 2005.

Use the worksheet below to determine if you owe tax.

- If you **do not** owe tax, you do not need to file this form. Do not complete or mail this voucher. But, you must file your return by October 16, 2006.
- If you owe tax, choose one of the following payment options. Be sure to pay by April 17, 2006, to avoid penalties and interest. See Penalties and Interest for more information.

Web Pay: To make a payment online or to schedule a future payment (up to one year in advance), visit our Website at www.ftb.ca.gov. **Do not mail** the voucher to us.

Check or Money Order: Complete the payment voucher below and mail it with your check or money order to the Franchise Tax Board (FTB).

Note: All checks or money orders must be payable in US dollars and drawn against a US financial institution.

Credit Card: Use your Discover/NOVUS, MasterCard, American Express, or Visa card to pay your tax. Call (800) 272-9829 or visit the Website www.officialpayments.com. Use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service. **Do not mail** the voucher to us.

Installment Agreement: Can't pay the full amount you owe? Visit our Website at www.ftb.ca.gov or get FTB 3567, Installment Agreement Request Booklet.

Name and Address. Be sure to fill in your complete name(s), address, and social security number(s) on the voucher. If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

Penalties and Interest

If you fail to pay your total tax liability by April 17, 2006, a late-payment penalty plus interest will be added to your tax due. If, after April 17, 2006, you find that your estimate of tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay your additional tax with another form FTB 3519 voucher. If you do not file your tax return by October 16, 2006, you will be assessed a late-filing penalty plus interest from the original due date of the return.

Taxpayers Residing or Traveling Outside the USA

If you are living or traveling outside the USA on April 17, 2006, the deadline to file your return and pay the tax is June 15, 2006. Interest will accrue from the original due date (April 17, 2006) until the date of payment. If you need additional time to file your tax return, you will be allowed an automatic six-month extension without filing a written request. To qualify for the extension, you must file your tax return by December 15, 2006. To avoid any late-payment penalties, you must pay 100% of your tax liability by June 15, 2006. When filing your tax return, be sure to attach a statement to the front indicating that you were "outside the USA on April 17, 2006."

* When you do file your 2005 return, you can e-file. Visit our Website at www.ftb.ca.gov. Otherwise, you must use Form 540A, Form 540, or Long Form 540NR. **Note:** If you use form FTB 3519, you may not file Form 540 2EZ or Short Form 540NR.

TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1	Total tax you expect to owe. This is the amount you expect to enter on Form 540A, line 23; Form 540, line 37; or Long Form 540NR, line 46	1	
2	Payments and credits:		
a	California income tax withheld (including real estate and nonresident withholding)	2a	
b	California estimated tax payments and amount applied from your 2004 tax return (Note: You can check the estimated tax payments we have received by visiting our Website at www.ftb.ca.gov .)	2b	
c	Other payments and credits, including any tax payments made with any previous form FTB 3519 voucher	2c	
3	Total tax payments and credits. Add line 2a, line 2b, and line 2c	3	
4	Tax due. Is line 1 more than line 3? • No. Stop here. You have no tax due. DO NOT MAIL THE PAYMENT VOUCHER. Your return, when filed by October 16, 2006, will verify that you qualified for the extension. • Yes. Subtract line 3 from line 1. This is your tax due. Enter the tax due amount from line 4 as the "Amount of payment" on the form FTB 3519 voucher below. Fill in your name(s), address, and social security number(s), and separate the voucher from this page where it says "DETACH HERE." Make a check or money order payable to "Franchise Tax Board." Also write your social security number and "2005 FTB 3519" on the check or money order. Enclose, but do not staple your check or money order with the voucher and mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0051	4	

✓ Keep this completed worksheet with your tax records.

Save the stamp – pay online or by credit card!

✂ DETACH HERE — — — — — IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM — — — — — DETACH HERE ✂

Calendar year – Due April 17, 2006

TAXABLE YEAR

CALIFORNIA FORM

2005

Automatic Extension for Individuals

3519 (PIT)

Your first name	Initial	Last name	Your social security number
			- - - - -
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number
			- - - - -
Present home address – number and street, PO Box, or rural route			Apt. no.
City, town, or post office			State
			ZIP Code
			- - - - -

IF PAYMENT IS DUE, MAIL TO:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0051

If amount of payment is zero, do not mail form

Amount of payment

TAXABLE YEAR

CALIFORNIA FORM

2006**Estimated Tax for Individuals**

Due April 17, 2006

540-ES

Fiscal year filers, enter year ending month: Year 2007

Your first name		Initial	Last name		Your social security number	
If joint payment, spouse's first name		Initial	Last name		Spouse's social security number	
Present home address — number and street, PO Box, or rural route				Apt. no.	PMB no.	Payment Voucher 1
City, town, or post office (If you have a foreign address, see instructions)				State	ZIP Code	

Do not combine this payment with payment of your tax due for 2005. Make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2006" on it. Mail this voucher and your check or money order to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031.**

If No Payment is Due, Do Not Mail This Form.

See Section A of the instructions for an alternative to using this form.

Amount of payment

For Privacy Act Notice, get form FTB 1131.

540ES06103

Form 540-ES 2005

✂ — DETACH HERE — — — — — IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM — — — — — DETACH HERE — ✂

TAXABLE YEAR

CALIFORNIA FORM

2006 Estimated Tax for Individuals

Due June 15, 2006

540-ES

Fiscal year filers, enter year ending month: Year 2007

Your first name	Initial	Last name	Your social security number
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number
Present home address — number and street, PO Box, or rural route			Apt. no.
City, town, or post office (If you have a foreign address, see instructions)			PMB no.
State			ZIP Code

**Payment
Voucher
2**

Do not combine this payment with payment of your tax due for 2005. Make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2006" on it. Mail this voucher and your check or money order to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031.**

Amount of payment

If No Payment is Due, Do Not Mail This Form.

See Section A of the instructions for an alternative to using this form.

For Privacy Act Notice, get form FTB 1131.

540ES06103

Form 540-ES 2005

✂ — DETACH HERE — — — — IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM — — — — DETACH HERE — ✂

TAXABLE YEAR

CALIFORNIA FORM

2006 Estimated Tax for Individuals

Due Sept. 15, 2006

540-ES

Fiscal year filers, enter year ending month: Year 2007

Your first name	Initial	Last name	Your social security number
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number
Present home address — number and street, PO Box, or rural route			Apt. no.
City, town, or post office (If you have a foreign address, see instructions)			PMB no.
State			ZIP Code

**Payment
Voucher
3**

Do not combine this payment with payment of your tax due for 2005. Make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2006" on it. Mail this voucher and your check or money order to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031.**

Amount of payment

If No Payment is Due, Do Not Mail This Form.

See Section A of the instructions for an alternative to using this form.

For Privacy Act Notice, get form FTB 1131.

540ES06103

Form 540-ES 2005

✂ — DETACH HERE — — — — IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM — — — — DETACH HERE — ✂

TAXABLE YEAR

CALIFORNIA FORM

2006 Estimated Tax for Individuals

Due Jan. 16, 2007

540-ES

Fiscal year filers, enter year ending month: Year 2007

Your first name	Initial	Last name	Your social security number
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number
Present home address — number and street, PO Box, or rural route			Apt. no.
City, town, or post office (If you have a foreign address, see instructions)			PMB no.
State			ZIP Code

**Payment
Voucher
4**

Do not combine this payment with payment of your tax due for 2005. Make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2006" on it. Mail this voucher and your check or money order to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031.**

Amount of payment

If No Payment is Due, Do Not Mail This Form.

See Section A of the instructions for an alternative to using this form.

For Privacy Act Notice, get form FTB 1131.

540ES06103

Form 540-ES 2005

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Visit our Website:

www.ftb.ca.gov

2005**Wage and Withholding Summary****W-2****Important: Attach this schedule directly behind Side 2 of your return.**

Name(s) as shown on return

SSN or ITIN

Attach your Form(s) W-2 to the front of your income tax return, or complete CA Sch W-2. Use this schedule to transfer information from your Form(s) W-2. If you need more space, complete a separate CA Sch W-2. If you complete a CA Sch W-2, **do not submit your Form(s) W-2**. Keep them for your records. The amounts from your Form(s) W-2 should be transferred to the appropriate boxes on this schedule. If Form(s) W-2 contain data from multiple states, you **cannot** use this form. The shaded areas need to be completed to ensure excess SDI claims.

Taxpayer W-2 information. (Transfer amounts from your Form(s) W-2 to the appropriate boxes below.) Complete a box for each Form W-2 you receive.

1st W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

2nd W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

3rd W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

4th W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

Spouse W-2 information. (Transfer amounts from your Form(s) W-2 to the appropriate boxes below.) Complete a box for each Form W-2 you receive.

1st W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

2nd W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

3rd W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

4th W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

- A. Total state wages from your Form(s) W-2 for taxpayer (Add box 16 from all Form(s) W-2 for taxpayer) \$ _____
For nonresidents or part-year residents, enter your total California wages from all your Form(s) W-2 for taxpayer (Add box 16 from all Form(s) W-2 for taxpayer).
- B. Total state wages from your Form(s) W-2 for spouse (Add box 16 from all Form(s) W-2 for spouse) \$ _____
For nonresidents or part-year residents, enter your total California wages from all your Form(s) W-2 for spouse (Add box 16 from all Form(s) W-2 for spouse).
- C. Total California Wages from all Form(s) W-2 (Add line A and line B, and enter on line C.) \$ _____
- D. **Transfer the amount on line C to Form 540 2EZ, line 9; Form 540A, line 12a; Form 540, Form 540NR (Short or Long), line 12; or Form 540X, line 1a, Column B.**

Frequently Asked Questions

(Go to www.ftb.ca.gov for more frequently asked questions)

1. What if I can't file by April 17, 2006, and I think I owe tax?

You must pay 100% of the amount you owe by April 17, 2006, to avoid interest and penalties. If you cannot file because you have not received all your Form(s) W-2, estimate the amount of tax you owe by completing form FTB 3519, Automatic Extension for Individuals, on page 41. Mail it to the FTB with your payment by April 17, 2006, or pay online at www.ftb.ca.gov. Then, when you receive all your Form(s) W-2, complete and mail your return by October 16, 2006 (you must use Form 540A or Form 540).

2. I never received a Form W-2. What should I do?



204

If you do not receive all your Forms W-2 by January 31, 2006, contact your employer. Only your employer can issue or correct a Form W-2. For more information, call (800) 338-0505, select "Personal Income Tax," then "General Tax Information," and enter code **204** when instructed.

3. How can I get help?

There are more than 1,500 sites throughout California where trained volunteers provide free help during the tax filing season to persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. Armed Forces. From January 2 through April 17, a list of locations is available on our Website at www.ftb.ca.gov or you may call the FTB at (800) 852-5711 to find a location near you.

4. What do I do if I can't pay what I owe with my 2005 return?



207

Pay as much as you can when you file your return. If you cannot pay your tax in full with your return, you can request monthly payments. However, you will be charged interest and may be charged an underpayment penalty on the tax not paid by April 17, 2006, even if your request to pay in installments is approved. To make monthly payments, complete form FTB 3567, Installment Agreement Request, online or mail it to the address on the form. Do not mail it with your return.

The Installment Agreement Request might not be processed and approved until after your return is processed, and you may receive a bill before you receive approval of your request.

To order this form by phone, call (800) 338-0505, select "Personal Income Tax," then select "Order Forms and Publications," and enter code **949** when instructed, or go to our Website at www.ftb.ca.gov.



610

Note: You can also pay by credit card. For more information, go to our Website at www.ftb.ca.gov, or call (800) 338-0505, select "Personal Income Tax," then select "General Tax Information," and enter code **610** when instructed.

5. How long will it take to get my refund?



112

If you e-file, you will get the fastest possible refund. Your refund check will be in the mail within seven to ten calendar days (or if you request direct deposit, the refund will post to your bank account within five to seven banking days) from the time the FTB receives your electronic return. For more information about e-filing, go to our Website at www.ftb.ca.gov or call (800) 338-0505, select "Personal Income Tax," then select "General Tax Information," and enter code **112** when instructed.

If you do not e-file your return, you should receive your refund check, or, if you request direct deposit, the refund should post to your account, within six to eight weeks after you file your return.

6. I expected my refund by now. How can I check on the status?

You can check on the status of your refund over the Internet. Go to our Website at www.ftb.ca.gov and search for **Refund**.

You can also call our automated phone service. See the back cover for more information.

7. I discovered an error on my tax return. What should I do?

If you discover that you made an error on your California income tax return after you filed it, use Form 540X, Amended Individual Income Tax Return, to correct your return. Get Form 540X online at www.ftb.ca.gov.

8. I found an error after FTB accepted my e-file return. What should I do?

You cannot retransmit a return once we've accepted it. You can correct an error only by completing Form 540X, Amended Individual Income Tax Return, and mailing the paper copy to us. You cannot e-file an amended return. Get Form 540X online at www.ftb.ca.gov.

9. The Internal Revenue Service (IRS) made changes to my federal return. What should I do?

If your federal income tax return is examined and changed by the IRS and you owe additional tax, you must report these changes to the FTB within six months of the date of the final federal determination. If the changes made by IRS result in a refund due for California, you must claim a refund within two years of the date of the final federal determination. You may either use Form 540X, Amended Individual Income Tax Return, to correct the California income tax return you already filed, or you may send a copy of the federal changes to:

ATTN RAR/VOL, AUDIT SECTION
FRANCHISE TAX BOARD
PO BOX 1998
SACRAMENTO CA 95812-1998

Regardless of which method you use to notify the FTB, you must include a copy of the final federal determination along with all data and schedules on which the federal adjustment was based. Get FTB Pub. 1008, *Federal Tax Adjustments and Your Notification Responsibilities to California*, for more information. See "Order Forms and Publications" on the back cover.

Note: You do not have to file Form 540X if the changes do not affect your California tax liability.

10. How long should I keep my tax information?

We may request information from you regarding your California income tax return within the California statute of limitations period, which is usually the later of four years from the due date of the return or four years from the date the return is filed. (Exception: An extended statute of limitations period may apply for California or federal tax returns that are related to or subject to a federal audit.)

Keep a copy of your return and the records that verify the income, deductions, adjustments, or credits reported on your return. Some records should be kept longer. For example, keep property records as long as they are needed to figure the basis of the property or records needed to verify carryover items (i.e. net operating losses) or records needed to track deferred gains on a 1031 exchange.

11. I will be moving after I file my return. How do I notify the FTB of my new address?

You can notify the FTB of your new address by using form FTB 3533, Change of Address. This form is available on our Website at www.ftb.ca.gov as a fillable form or you may call (800) 852-5711 and select option 5 to report a change of address.

After filing your return, you should report a change of address to us for up to four years, especially if you leave the state and no longer have a requirement to file a California return.

2005**Wage and Withholding Summary****W-2****Important: Attach this schedule directly behind Side 2 of your return.**

Name(s) as shown on return

SSN or ITIN

Attach your Form(s) W-2 to the front of your income tax return, or complete CA Sch W-2. Use this schedule to transfer information from your Form(s) W-2. If you need more space, complete a separate CA Sch W-2. If you complete a CA Sch W-2, **do not submit your Form(s) W-2**. Keep them for your records. The amounts from your Form(s) W-2 should be transferred to the appropriate boxes on this schedule. If Form(s) W-2 contain data from multiple states, you **cannot** use this form. The shaded areas need to be completed to ensure excess SDI claims.

Taxpayer W-2 information. (Transfer amounts from your Form(s) W-2 to the appropriate boxes below.) Complete a box for each Form W-2 you receive.

1st W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

2nd W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

3rd W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

4th W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

Spouse W-2 information. (Transfer amounts from your Form(s) W-2 to the appropriate boxes below.) Complete a box for each Form W-2 you receive.

1st W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

2nd W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

3rd W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

4th W-2

Social Security Number (box d)	—	—
Employer ID Number (EIN) (box b)		
State & Employer's State ID Number (box 15)		
Employer Name (box c)		
State Wages, Tips, etc. (box 16)		
CA State Income Tax (box 17)		
Social Security Wages (box 3)		
SDI (Local Income Tax) (box 14 or 19)		

A. Total state wages from your Form(s) W-2 for taxpayer (Add box 16 from all Form(s) W-2 for taxpayer) \$ _____

For nonresidents or part-year residents, enter your total California wages from all your Form(s) W-2 for taxpayer (Add box 16 from all Form(s) W-2 for taxpayer).

B. Total state wages from your Form(s) W-2 for spouse (Add box 16 from all Form(s) W-2 for spouse) \$ _____

For nonresidents or part-year residents, enter your total California wages from all your Form(s) W-2 for spouse (Add box 16 from all Form(s) W-2 for spouse).

C. Total California Wages from all Form(s) W-2 (Add line A and line B, and enter on line C.) \$ _____

D. Transfer the amount on line C to Form 540 2EZ, line 9; Form 540A, line 12a; Form 540, Form 540NR (Short or Long), line 12; or Form 540X, line 1a, Column B.

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Visit our Website:

www.ftb.ca.gov

2005**California Capital Gain or Loss Adjustment**

Do not complete this schedule if all of your California gains (losses) are the same as your federal gains (losses).

D (540)

Name(s) as shown on return

Social security number

(a) Description of property (identify S corporation stock) Example 100 shares of "Z" (S stock)	(b) Sales price	(c) Cost or other basis	(d) Loss. If (c) is more than (b), subtract (b) from (c)	(e) Gain. If (b) is more than (c), subtract (c) from (b)
1a				
1b				
2 Net gain or (loss) shown on California Schedule(s) K-1 (541, 565, 568, and 100S)			2	
3 Capital gain distributions (federal Form 1099-DIV, box 2a minus box 2c)				3
4 Total 2005 gains from all sources. Add column (e) amounts of line 1a, line 1b, line 2, and line 3				4
5 2005 loss. Add column (d) amounts of line 1a, line 1b, and line 2. Enter as a negative amount ..			5	
6 California capital loss carryover from 2004, if any. See instructions. Enter as a negative amount ..			6	
7 Total 2005 loss. Add line 5 and line 6. Enter as a negative amount			7	
8 Combine line 4 and line 7. If a loss, go to line 9. If a gain, go to line 10				8
9 If line 8 is a loss, enter the smaller of: (a) the loss on line 8; or (b) \$3,000 (\$1,500 if married filing a separate return). See instructions ...				9 ()
10 Enter the gain or (loss) from federal Form 1040, line 13				10
11 Enter the California gain from line 8 or (loss) from line 9				11
12 a If line 10 is more than line 11, enter the difference here and on Schedule CA (540) line 13, column B				12a
b If line 10 is less than line 11, enter the difference here and on Schedule CA (540), line 13, column C				12b

2005**Depreciation and Amortization Adjustments**

Do not complete this form if your California depreciation amounts are the same as federal amounts.

3885A**Part I Identify the activity as passive or nonpassive.** (See instructions.)

Business or activity to which form FTB 3885A relates

- 1** ☐ This form is being completed for a passive activity.
☐ This form is being completed for a nonpassive activity.

Part II Election to Expense Certain Tangible Property (IRC Section 179).**2** Enter the amount from line 12 of the Tangible Property Expense Worksheet in the instructions**2****Part III Depreciation**

(a) Description of property placed in service	(b) Date placed in service	(c) California basis for depreciation	(d) Method	(e) Life or rate	(f) California depreciation deduction
3					

4 Add the amounts on line 3, column (f)**4****5** California depreciation for assets placed in service prior to 2005**5****6** Total California depreciation from this activity. Add the amounts on line 2, line 4, and line 5**6****7** Total federal depreciation from this activity. Enter depreciation from your federal Form 4562, line 22**7****8 a** If line 6 is more than line 7, enter the difference here and see instructions**8a****b** If line 6 is less than line 7, enter the difference here and see instructions**8b****Part IV Amortization**

(a) Description of cost amortizable	(b) Date placed in service	(c) California basis for amortization	(d) Code section	(e) Period or percentage	(f) California amortization deduction
9					

10 Total California amortization from this activity. Add the amounts on line 9, column (f)**10****11** California amortization of costs that began before 2005**11****12** Total California amortization from this activity. Add the amounts on line 10 and line 11**12****13** Total federal amortization from this activity. Enter amortization from your federal Form 4562, line 44**13****14 a** If line 12 is more than line 13, enter the difference here and see instructions**14a****b** If line 12 is less than line 13, enter the difference here and see instructions**14b**

Instructions for California Schedule D (540)

California Capital Gain or Loss Adjustment

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information regarding California and federal law, please visit our Website at www.ftb.ca.gov and search for **conformity**.

Additional information can be found in FTB Pub. 1001, *Supplemental Guidelines to California Adjustments*, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

Note, the instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

Caution: Although federal law increased the IRC Section 179 expense to \$105,000, the maximum deduction amount under California law is \$25,000.

Purpose

Use California Schedule D (540) **only** if there is a difference between your California and federal capital gains and losses.

For more information about the following, get FTB Pub. 1001, *Supplemental Guidelines to California Adjustments*:

- Disposition of property inherited before 1987;
- Disposition of S corporation stock acquired before 1987;
- Gain on the sale or disposition of a qualified assisted housing development to low-income residents or to specific entities maintaining housing for low-income residents; or
- Capital loss carryback.

Exclusion of Gain on Qualified Small Business Stock. California law (R&TC Section 18152.5) provides an exclusion (similar to the federal exclusion under IRC Section 1202) of 50% of the gain on the sale of qualifying small business stock originally issued after 8/10/93 that was held for more than five years. However, for California purposes, at least 80% of the issuing corporation's payroll must be attributable to employment located within California, and at least 80% of the value of the corporation's assets must be used by the corporation to actively conduct one or more qualified trades or businesses in California.

Note: If you have gain on the sale of qualified small business stock that qualifies for the federal Section 1202 exclusion, go to the specific line instructions for line 1b.

Installment Sales. If you sold property at a gain (other than publicly traded stocks or securities) and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to do so. Get form FTB 3805E, *Installment Sale Income*. Also, use that form if you received a payment in 2005, for an installment sale made in an earlier year.

Note: You may elect not to use the installment sale method for California by reporting the entire gain on Schedule D (540) (or Schedule D-1 for business assets) in the year of the sale and filing your return on or before the due date.

At-Risk Rules and Passive Activity Limitations. If you dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, get and complete federal Form 6198, *At-Risk Limitations*, using California amounts to figure your California deductible loss under the at-risk rules. Once a loss becomes allowable under the at-risk rules, it

becomes subject to the passive activity rules. Get form FTB 3801, *Passive Activity Loss Limitations*.

Specific Line Instructions

Line 1a – List each capital asset transaction.

Column (a) – Description of Property. Describe the asset you sold or exchanged.

Column (b) – Sales Price. Enter in this column either the gross sales price or the net sales price. If you received a Form 1099-B, 1099-S, or similar statement showing the gross sales price, enter that amount in column (b). However, if box 2 of Form 1099-B indicates that gross proceeds less commissions and option premiums were reported to the IRS, enter that net amount in column (b). If you entered the net amount in column (b), do not include the commissions and option premiums in column (c).

Column (c) – Cost or Other Basis. In general, the cost or other basis is the cost of the property plus purchase commissions and improvements minus depreciation, amortization, and depletion. Enter the cost or adjusted basis of the asset for California purposes. Use your records and California tax returns for years before 1987 to determine the California amount to enter in column (c). If you used an amount other than cost as the original basis, your federal basis may be different from your California basis. Other reasons for differences are:

Depreciation Methods and Property Expensing

Before 1987, California law did not allow the use of accelerated cost recovery system (ACRS) and did not allow the use of an asset depreciation range 20% above or below the standard rate. Before 1999, California had different limits on the expensing of property under IRC Section 179. California law permits rapid write-off of certain property such as solar energy systems, pollution control devices, and property used in an Enterprise Zone, LAMBRA, Targeted Tax Area, or Los Angeles Revitalization Zone (LARZ).

Inherited Property – The California basis of property inherited from a decedent is generally fair market value (FMV) at the time of death. If you acquired community property as a surviving spouse, get FTB Pub. 1039, *Basis of Property – Decedent/Surviving Spouse*, for more information.

S Corporation Stock – Prior to 1987, California law did not recognize S corporations and your California basis in S corporation stock may differ from your federal basis. In general, your California basis will be cost-adjusted for income, loss, and distributions received after 1986, while your stock was California S corporation stock. Your federal basis will be cost-adjusted for income, loss, and distributions received during the time your stock qualified for federal S corporation treatment.

Effective for taxable years beginning on or after 1/1/02, any corporation with a valid federal S corporation election is considered an S corporation for California purposes. Existing law already requires federal C corporations to be treated as C corporations for California purposes.

Special Credits – California law authorizes special tax credits not allowed under federal law or computed differently under federal law. In many instances if you claimed special credits related to capital assets, you must reduce your basis in the assets by the amount of credit.

Other adjustments may apply differently to the federal and California basis of your capital assets. Figure the original basis of your asset using the California law in effect when the asset was acquired, and adjust it according to provisions of California law in effect during the period of your ownership.

Line 1b – R&TC Section 18152.5 Exclusion. If the gain qualifying for the IRC Section 1202 exclusion also qualifies for the California exclusion under R&TC Section 18152.5: Enter in column (a) "Section 18152.5 Exclusion." Complete column (b) and column (c) according to the instructions for line 1a. Enter in column (d) the amount of gain that qualifies for the California exclusion. Enter in column (e) the entire gain realized. **If the gain qualifying for the IRC Section 1202 exclusion does**

not qualify for the California exclusion: Complete column (a), column (b), and column (c) according to the instructions for line 1a. Enter -0- in column (d) and enter the entire gain realized in column (e).

Line 3 – Capital Gain Distributions. If you receive federal Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, from a mutual fund, do not include the **undistributed** capital gain dividends on Schedule D. If you receive federal Form 1099-DIV, Dividends and Distributions, enter the amount of **distributed** capital gain dividends.

Line 6 – 2004 California Capital Loss Carryover. If you were a resident of California for all prior years, enter your California capital loss carryover from 2004. However, if you were a nonresident of California during any taxable year that generated a portion of your 2004 capital loss carryover, you must recalculate your 2004 capital carryover loss as if you were a resident of California for all prior years. Get FTB Pub. 1100, *Taxation of Nonresidents and Individuals Who Change Residency*, for more information. Enter your California capital loss carryover amount from 2004 on line 6 as a negative number.

Line 8 – Net Gain or Loss. If the amount on line 4 is more than the amount on line 7, subtract line 7 from line 4. Enter the difference as a gain on line 8.

If the amount on line 7 is more than the amount on line 4, subtract line 4 from line 7 and enter the difference as a negative amount on line 8.

Use the worksheet on this page to figure your capital loss carryover to 2006.

Line 9 – If line 8 is a net capital loss, enter the smaller of the loss on line 8 or \$3,000 (\$1,500 if you are married filing a separate return).

Line 12a – Compare the amounts entered on line 10 and 11 to figure the adjustment to enter on Schedule CA (540), line 13, column B.

For example:

Loss on line 10 is less than loss on line 11.

Federal loss on line 10 is (\$1,000)
California loss on line 11 is (\$2,000)
Difference between line 10 and line 11 \$1,000

Gain on line 10 and loss on line 11.

Federal gain on line 10 is \$3,000
California loss on line 11 is (\$3,000)
Difference between line 10 and line 11 \$6,000

Line 12b – Compare the amounts on line 10 and 11 to figure the adjustment to enter on Schedule CA (540), line 13, column C.

For example:

Loss on line 10 is more than loss on line 11.

Federal loss on line 10 is (\$2,000)
California loss on line 11 is (\$1,000)
Difference between line 11 and line 10 \$1,000

Loss on line 10 and gain on line 11.

Federal loss on line 10 is (\$2,000)
California gain on line 11 is \$5,000
Difference between line 10 and line 11 \$7,000

California Capital Loss Carryover Worksheet

- | | |
|-------------------------------------------------------------------------------------|---------|
| 1. Loss from Schedule D (540), line 11, stated as a positive number | 1 _____ |
| 2. Amount from Form 540, line 17 | 2 _____ |
| 3. Amount from Form 540, line 18 | 3 _____ |
| 4. Subtract line 3 from line 2. If less than zero, enter as a negative amount | 4 _____ |
| 5. Combine line 1 and line 4. If less than zero, enter -0- | 5 _____ |
| 6. Loss from Schedule D (540), line 8 | 6 _____ |
| 7. Enter the smaller of line 1 or line 5 | 7 _____ |
| 8. Subtract line 7 from line 6. This is your capital loss carryover to 2006 | 8 _____ |

Instructions for Form FTB 3885A

Depreciation and Amortization Adjustments

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information regarding California and federal law, please visit our Website at www.ftb.ca.gov and search for **conformity**.

Additional information can be found in FTB Pub. 1001, *Supplemental Guidelines to California Adjustments*, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

Note, the instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

Get FTB Pub. 1001, *Supplemental Guidelines to California Adjustments*, for more information on differences between California and federal law for the following items:

- Amortization of certain intangibles (IRC Section 197);
- Qualified Indian Reservation property;
- Grapevines subject to Phylloxera or Pierce's disease; and
- Bonus depreciation

Purpose

Use form FTB 3885A **only** if there is a difference between the amount of depreciation and amortization allowed as a deduction using California law and the amount allowed using federal law. California law and federal law have not always allowed the same depreciation methods, special credits, or accelerated write-offs. As a result, the recovery periods or the basis on which the depreciation is figured for California may be different from the amounts used for federal purposes. You will probably have reportable differences if all or part of your assets were placed in service:

- **Before 1/1/87.** California did not allow depreciation under the federal accelerated cost recovery system (ACRS). Continue to figure California depreciation for those assets in the same manner as in prior years for those assets.
- **On or after 1/1/87.** California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. California did not conform to all changes to federal law enacted in 1993; therefore, the California basis or recovery periods may be different for some assets.

- **On or after 9/11/01.** If you claimed the 30% additional depreciation for federal purposes, California has not conformed to the federal Job Creation and Worker Assistance Act of 2002 which allows taxpayers to take an additional first year depreciation deduction and Alternative Minimum Tax depreciation adjustment for property placed in service after September 10, 2001.
- California generally conforms to the federal 2003 increase (IRC Section 280F) for the limitation on luxury automobile depreciation. However, California does not conform to the IRC Section 168(k) provisions (30% and 50% additional first year depreciation). In addition, SUVs and minivans that are built on a truck chassis are now included in the definition of trucks and vans when applying the 6,000 pound gross weight limit.

Differences may also occur for other less common reasons, and the instructions for Schedule CA (540 or 540NR) list them on the line for the type of income likely to be affected. You may also get FTB Pub. 1001 for more information about figuring and reporting these adjustments.

If you are reporting differences for assets related to a passive activity, get form FTB 3801, Passive Activity Loss Limitations, for more information about passive activities.

Do not use form FTB 3885A to report depreciation expense from federal Form 2106, Employee Business Expenses. Instead, see the instructions for Schedule CA (540 or 540NR), line 41.

Specific Line Instructions

Note: Prepare and file a separate form FTB 3885A for each business or activity on your return that has a difference between California and federal depreciation or amortization. Enter the name of the business or activity in the space provided at the top of the form. If you need more space, attach additional sheets. However, complete Part II, Election to Expense Certain Tangible Property (IRC Section 179), only once.

Part I Identify the Activity as Passive or Nonpassive

Line 1 – Check the box to identify the activity as passive or nonpassive. A passive activity is any activity involving the conduct of any trade or business in which you did not materially participate. Get form FTB 3801 for more information.

If the activity is passive, use this form as a worksheet to figure the depreciation adjustment to carry to form FTB 3801. **Caution:** Beginning in 1994, and for federal purposes only, rental real estate activities of persons in real property business are not automatically treated as passive activities. California did not conform to this provision.

Part II Election To Expense Certain Tangible Property

You may elect to expense part of the cost of depreciable personal property used in your trade or business and certain other property described in federal Publication 946, How to Depreciate Property. To do so, you must have purchased property, as defined in the IRC Section 179(d)(2), and placed it in service during 2005, or have a carryover of unused cost from 2004. If you elect this deduction, you must reduce your California depreciable basis by the IRC Section 179 expense. The maximum Section 179 expense allowed for 2005 is \$25,000.

Complete the worksheet in the next column to figure IRC Section 179 expense for California. Include all assets qualifying for the deduction because the limit applies to all qualifying assets as a group rather than to each asset individually. **Refer to federal Form 4562 for information.**

Tangible Property Expense Worksheet

1	Maximum dollar limitation for California	1	25,000
2	Total cost of Section 179 property placed in service	2	
3	Threshold cost of Section 179 property before reduction in limitation	3	200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-	5	
(a) Description of property		(b) Cost	(c) Elected cost
6			
7		Listed property (elected Section 179 cost)	7
8		Total elected cost of Section 179 property. Add column (c), line 6 and line 7	8
9		Tentative deduction. Enter the smaller of line 5 or line 8	9
10		Carryover of disallowed deduction from 2004	10
11		Enter the smaller of business income (not less than -0-) or line 5	11
12		Section 179 expense deduction for California. Add line 9 and line 10, but do not enter more than line 11. Also, enter the result on form FTB 3885A, line 2	12
13		Carryover of disallowed deduction to 2006. Add line 9 and line 10. Subtract line 12 from the result	13

Part III Depreciation

Line 3 – Complete column (a) through column (f) for each tangible asset or group of assets placed in service during the tax year. Be sure to use the California basis for assets on which you elected to take the Section 179 deduction. It will be the difference between line 6, column (b) and line 6, column (c) of the Tangible Property Expense Worksheet in Part II.

Line 8a and Line 8b – Are you using this form as a worksheet in connection with form FTB 3801?

Yes Enter the amount from line 8a or line 8b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).

No Include the amount from line 8a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Include the amount from line 8b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Part IV Amortization

Line 9 – Complete column (a) through column (f) for intangible assets placed in service during the tax year. Be sure to use the California basis and the California recovery period.

Line 14a and Line 14b – Are you using this form as a worksheet in connection with form FTB 3801?

Yes Enter the amount from line 14a or line 14b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).

No Include the amount from line 14a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Include the amount from line 14b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Instructions for Schedule CA (540)

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 2005** and the California Revenue and Taxation Code (R&TC).

What's New

California National Guard Surviving Spouse & Children Relief Act of 2004. Death benefits up to \$10,000 received from the state of California by a surviving spouse or member-designated beneficiary of the CA National Guard, State Military Reserve or Naval Militia personnel, who dies or is killed after March 1, 2003 in the performance of duty is not included in gross income.

Ottoman Turkish Empire. If you received settlement payments as a person persecuted by the regime that was in control of the Ottoman Turkish Empire from 1915 until 1923, your gross income does not include those excludable settlement payments, or interest, received by you, your heirs, or estate for payments received on or after January 1, 2005.

Compensation of merchant seamen, military servicemembers, rail, motor, and aircraft carriers. Compensation for the performance of duties of certain merchant seamen, rail carriers, motor carriers, aircraft carriers, and military servicemembers are not included in gross income.

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information regarding California and federal law, please visit our Website at www.ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, *Supplemental Guidelines to California Adjustments*, and the Business Entity tax booklets.

Note, the instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

Military Personnel – Servicemembers domiciled outside of California, and their spouses, may exclude the member's military compensation from gross income when computing the tax rate on nonmilitary income. Requirements for military servicemembers domiciled in California remain unchanged. Military servicemembers domiciled in California must include their military pay in total income. In addition, they must include their military pay in California source income when stationed in California. However, military pay is not California source income when a servicemember is permanently stationed outside of California. For more information, get FTB Pub. 1032, *Tax Information for Military Personnel*.

Differences Between California and Federal Law for 2005:

California law does not conform to federal law for:

- The tax incentives for "renewal communities." California law does, however, provide a variety of independent area tax incentives to encourage revitalization of specially designated areas. The Government Code provides for the designation of Enterprise Zones, Local Agency Military Base Recovery Areas (LAMBRAs), a Targeted Tax Area (TTA), and Manufacturing Enhancement Areas (MEAs). California law conforms to the general federal rules for expensing IRC Section 179 property with the exception that California law only allows a maximum deduction of \$25,000. In lieu of this deduction, the California Personal Income Tax Law allows a taxpayer with a business in an "Economic Development Area" to elect to expense \$20,000 to \$40,000 (depending on the designation) of certain specified equipment used in the business.

- The increased IRC Section 179 expense. Although federal law increased the IRC Section 179 expense to \$105,000, the maximum deduction amount under California law is \$25,000.
- Rebates or vouchers received from a local water agency, energy agency, or energy supplier. This includes a rebate, voucher or other financial incentive from the California Energy Commission, the California Public Utilities Company or a local publicly owned electric utility company for any expenses paid or incurred by a taxpayer for the purchase or installation of a thermal, solar or wind energy/fuel generating system.
- Interest deduction allowed for interest paid on any loan or indebtedness from a utility company to purchase energy efficient equipment and products for California residents.
- Net Operating Loss - Pierce's disease.
- The additional 30% or 50% first year depreciation allowance for qualified property.
- Educator Expense or the Tuition and Fees deduction.
- The Student loan interest deduction.
- The Clean Air Fuel first year deduction. You will need to report this adjustment on line 36, column B as part of your subtractions.
- Health Savings Account deductions.
- Exemption of interest on any bond or other obligation issued by the Government of American Samoa.
- Domestic production activities deduction.
- Exclusion from gross income of certain federal subsidiaries for prescription drug plans.
- Exclusion of survivor benefits attributable to service by a public safety officer who is killed in the line of duty before 1/1/1997.
- Recovery period of depreciation of certain leasehold improvements and restaurant property.

California law is the same as federal law in the following areas:

Roth IRAs. The contribution rules and distribution rules are the same.

Self-employed health insurance deduction. The percentage for 2005 is 100%.

Note: For instructions regarding registered domestic partners, see page 57, line 29.

Holocaust Restitution Payments. An exclusion is provided for Holocaust reparations received by eligible individuals, their heirs or estate for Holocaust restitution payments, distributions or excludable trust.

Charitable Contributions for 2004 Tsunami Disaster. Federal law allows a 2004 charitable contribution deduction for contributions made through January 31, 2005 for the 2004 Tsunami Disaster. As of March 11, 2005, California law conforms to federal law with regards to the 2004 Tsunami Disaster contributions. If you filed your California return prior to March 11, 2005, and reported the charitable contribution for the 2004 Tsunami disaster as a negative amount on line 40 on Schedule CA, use Form 540X, Amended Individual Income Tax Return, and report the negative amount as a positive amount on line 2e, column B.

If you reported a charitable contribution deduction for the relief of victims of the Indian Ocean Tsunami in 2004, you are not allowed a deduction for the same charitable contributions in 2005. However, if you made additional charitable contributions that were not claimed as a deduction in 2004, these additional charitable contributions may be reported as a deduction in 2005.

Purpose

Use this schedule to make adjustments to your federal adjusted gross income and to your federal itemized deductions using California law.

Part I – Specific Line Instructions

Column A — Federal Amounts

Line 7 through Line 21 – Enter on line 7 through line 21 the same amounts you entered on your federal Form 1040, line 7 through line 21; Form 1040A, line 7 through line 14b; or Form 1040EZ line 1, line 2, and line 3.

Line 22 – Total

Combine the amounts on line 7 through line 21.

Line 23 through Line 30 and line 32 through 35 – Enter the same amounts you entered on your federal Form 1040, line 23 through line 30 and line 32 through 35 or Form 1040A, line 16 through line 19.

Line 31a and Line 31b – Enter on line 31a the same amount you entered on your federal Form 1040, line 31a. Enter on line 31b the social security number and last name of the person to whom you paid alimony.

Line 36 – Add line 23 through line 31a and line 32 through 35. However, if you made any of the adjustments described in the instructions for federal Form 1040, line 36 or if you claimed the foreign housing deduction from federal Form 2555, Foreign Earned Income, or Form 2555-EZ, Foreign Earned Income Exclusion, enter the amount from Form 1040, line 36 on this line.

Line 37 – Total

Subtract line 36 from line 22.

Column B and Column C — Subtractions and Additions

Use these columns to enter subtractions and additions to the federal amounts in column A that are necessary because of differences between California and federal law. Enter all amounts as positive numbers unless instructed otherwise.

You may need one of the following FTB publications to complete column B and column C:

- 1001, *Supplemental Guidelines to California Adjustments*;
- 1005, *Pension and Annuity Guidelines*;
- 1031, *Guidelines for Determining Resident Status*;
- 1032, *Tax Information for Military Personnel*; or
- 1100, *Taxation of Nonresidents and Individuals Who Change Residency*.

To get a publication or form visit our Website at www.ftb.ca.gov or see the back cover of your tax booklet.

Line 7 – Wages, Salaries, Tips, etc.

Generally, you will not make any adjustments on this line. If you did not receive any of the following types of income, make no entry on this line in either column B or column C.

Active duty military pay. Special rules apply to active duty military taxpayers. Get FTB Pub. 1032, *Tax Information for Military Personnel*, for more information.

Sick pay received under the Federal Insurance Contributions Act and Railroad Retirement Act. California excludes this item from income. Enter in column B the amount of these benefits included in the amount in column A.

Ridesharing fringe benefit differences. Under federal law, qualified transportation benefits are excluded from gross income. Under the Revenue and Taxation Code, there are no monthly limits for the exclusion of these benefits and California's definitions are more expansive. Enter the amount of ridesharing benefits received and included in federal income on line 7, column B.

Exclusion for Medical Expenses. California allows an exclusion from gross income for employer-provided accident, health insurance, and medical expense reimbursement for registered domestic partners and the partner's dependents if expenses were not previously deducted.

Self-employed individuals may also claim a deduction for health insurance costs paid for themselves, their spouses, and dependents. In addition, self-employed individuals may claim this deduction for health insurance costs paid for registered domestic partner and the domestic partner's dependents. Enter the amount included in federal income in column B.

Compensation of merchant seamen, military service members, rail, motor, and aircraft carriers. Compensation for the performance of duties of certain merchant seamen, rail carriers, motor carriers, aircraft carriers, and military service members are not included in gross income.

Exclusion for compensation from exercising a California Qualified Stock Option (CQSO). To claim this exclusion, your earned income from the corporation granting the CQSO must be \$40,000 or less; the market value of the options granted to you must be \$100,000 or less; the total number of shares must be 1,000 or less; and the corporation issuing the stock must designate that the stock issued is a California qualified stock option at the time the option is granted. If you included in federal income an amount qualifying for this exclusion, enter that amount in column B.

Line 8 – Taxable Interest Income

If you did not receive any of the kinds of income listed below, do not make an entry on this line in either column B or column C.

Enter in column B the interest you received from:

- U.S. savings bonds (except for interest from series EE U.S. savings bonds issued after 1989 that qualified for the Education Savings Bond Program exclusion);
- U.S. Treasury bills, notes, and bonds; or
- Any other bonds or obligations of the United States and its territories.
- Interest earned from Ottoman Turkish Empire Settlement Payments.

Enter in column C the interest you identified as tax-exempt interest on your federal Form 1040 (or Form 1040A), line 8b, **and** which you received from:

- Non-California state bonds;
- Non-California municipal bonds issued by a county, city, town, or other local government unit;
- Obligations of the District of Columbia issued after 12/27/73;
- Non-California bonds if the interest was passed through to you from S corporations, trusts, partnerships, or Limited Liability Companies (LLCs).
- Interest or other earnings earned from a Health Savings Account (HSA) are not treated as taxed deferred. Interest or earnings in a HSA are taxable in the year earned.
- Interest on any bond or other obligation issued by the Government of American Samoa.

Note: Do not make entries in either column B or column C for interest you earned on Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporations (FHLMC) securities, or grants paid to low income individuals.

Get FTB Pub. 1001, *Supplemental Guidelines to California Adjustments* if you received interest income from the following sources:

- Loans made in an enterprise zone (EZ); or
- Items listed above passed through to you from S corporations, trusts, partnerships, or LLCs.

Line 9 – Ordinary dividends

Generally, you will not have a difference between the amount of dividends reported in Column A and the amount reported using California law. However, California taxes dividends that are derived from other states and their municipal obligations. In addition, certain mutual funds pay "exempt-interest dividends". If the mutual fund has at least 50% of its assets invested in tax-exempt U.S. obligations and/or in California or its municipal obligations, that amount of dividend is exempt from California tax. The proportion of dividends that are tax-exempt will be shown on your annual statement or statement issued with Form 1099-DIV.

Add dividends received from the following and enter in column B:

- The portion of exempt interest dividends from mutual funds that meets the 50% rule above and were included in column A.
- Non-cash patronage dividends from farmers' cooperatives or mutual associations.

Add dividends received from the following and enter in column C:

- The federally exempt interest dividends from other states, or their municipal obligations and/or from mutual funds that do not meet the 50% rule above.
- Controlled foreign corporation dividends in the year distributed;
- Regulated investment company (RIC) capital gains in the year distributed;
- Distributions of pre-1987 earnings from an S corporation;
- Non-cash patronage dividends from farmers' cooperatives or mutual associations.

Get FTB Pub. 1001, *Supplemental Guidelines to California Adjustments* if you received dividends from:

- Non-cash patronage dividends from farmers' cooperatives or mutual associations;
- A controlled foreign corporation;
- Distributions of pre-1987 earnings from S corporations; or
- Undistributed capital gains for regulated investment company (RIC) shareholders.

Line 10 – Taxable refunds, credits, or offsets of state and local income taxes

California does not tax the state income tax refund you received in 2005. Enter in column B the amount of state tax refund you entered in column A.

Line 11 – Alimony Received

If you are a nonresident alien and received alimony that was not included in your federal income, enter the alimony on this line in column C. Otherwise, make no entry on this line.

Line 12 – Business Income or (Loss)

Adjustments to federal business income or loss you reported in column A generally are necessary because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis you use to figure California depreciation may be different from the amount used for federal purposes.

Adjustments are figured on form FTB 3885A, Depreciation and Amortization Adjustments, and are most commonly necessary because of the following:

- **Before January 1, 1987**, California did not allow depreciation under the federal accelerated cost recovery system. You must continue to figure California depreciation for those assets in the same manner as prior years.
- **On or after January 1, 1987**, California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. Refer to the bulleted list below.

Use form FTB 3801, Passive Activity Loss Limitations, to figure the total adjustment for line 12 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule C.

Use form FTB 3885A to figure the total adjustment for line 12 if you have:

- Only nonpassive activities which produce either gains or losses (or combination of gains and losses); or
- Passive activities that produce gains.

Get FTB Pub. 1001, *Supplemental Guidelines to California Adjustments* for more information about:

Income related to:

- Business, trade, or profession carried on within California that is an integral part of a unitary business carried on both within and outside California; or
- Pro-rata share of income received from a controlled foreign corporation by a U.S. shareholder.

Basis adjustments related to:

- Property acquired prior to becoming a California resident;
- Sales or use tax credit for property used in an EZ, Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area (TTA), or former LARZ;

- Reduced recovery periods for fruit-bearing grapevines replaced in a California vineyard on or after 1/1/92 as a result of phylloxera infestation; or on or after 1/1/97 as a result of Pierce's disease;
- Expenditures for tertiary injectants;
- Property placed in service on an Indian reservation after 1/1/94 and before 1/1/05;
- Amortization of pollution control facilities;
- Discharge of real property business indebtedness;
- Employer-paid child care program;
- Employer-paid child care plan;
- Vehicles used in an employer-sponsored ridesharing program;
- An enhanced oil recovery system;
- Joint Strike Fighter property costs;
- The cost of making a business accessible to disabled individuals;
- Property for which you received an energy conservation subsidy from a public utility on or after 1/1/95 and before 1/1/97; or
- Research and experimental expenditures.

Business expense deductions related to:

- Wages paid in an EZ, LAMBRA, Manufacturing Enhancement Area (MEA), or TTA;
- Certain employer costs for employees who are also enrolled members of Indian tribes;
- Abandonment or tax recoupment fees for open-space easements and timberland preserves;
- Business located in an EZ, LAMBRA, or TTA;
- Research expense;
- Employer wage expense for the Work Opportunity Credit and Welfare-to-Work Credit;
- Pro-rata share of deductions received from a controlled foreign corporation by a U.S. shareholder;
- Interest paid on indebtedness in connection with company-owned life insurance policies; or
- Premiums paid on life insurance policies, annuities, or endowment contracts issued after 6/8/97 where the owner of the business is directly or indirectly a policy beneficiary.

Line 13 – Capital Gain or (Loss)

Generally, you will not make an adjustment on this line. California taxes long and short term capital gains as regular income. There is no special rate for long term capital gains. However, the California basis of the assets listed below may be different from the federal basis due to differences between California and federal laws. If there are differences, use Schedule D (540), California Capital Gain or Loss Adjustment, to calculate the amount to enter on this line.

- Gain on the sale of qualified small business stock which qualifies for the gain exclusion under IRC Section 1202;
- Basis amounts resulting from differences between California and federal law in prior years;
- Gain or loss on stock and bond transactions;
- Installment sale gain reported on form FTB 3805E, Installment Sale Income;
- Gain on the sale of personal residence where depreciation was allowable;
- Flow-through gain or loss from partnerships, fiduciaries, S corporations, or LLCs; or
- Capital loss carryover from your 2004 California Schedule D (540).

Get FTB Pub. 1001, *Supplemental Guidelines to California Adjustments* for more information about:

- Disposition of S corporation stock acquired before 1987;
- Gain on sale or disposition of qualified assisted housing development to low-income residents or to specified entities maintaining housing for low-income residents;
- Undistributed capital gain for RIC shareholders;
- Gain or loss on the sale of property inherited before 1/1/87; or
- Capital loss carrybacks.

Line 14 – Other Gains or (Losses)

Generally, you will not make any adjustments on this line. However, the California basis of your other assets may be different from the federal basis due to differences between California and federal law. Therefore,

you may have to adjust the amount of other gains or losses. Get Schedule D-1, Sales of Business Property.

Line 15 – Total IRA Distributions

Generally, you will not make any adjustments on this line. However, there may be significant differences in the taxable amount of a distribution (including a distribution from conversion of a traditional IRA to a Roth IRA), depending on when you made your contributions to the IRA. Differences may also occur if your California IRA deductions were different from your federal deductions because of differences between California and federal self-employment income.

If the taxable amount using California law is:

- Less than the amount taxable under federal law, enter the difference in column B; or
- More than the amount taxable under federal law, enter the difference in column C.

Get FTB Pub. 1005 for more information and worksheets for figuring the adjustment to enter on this line, if any.

Caution: If you have an IRA basis and were a nonresident in prior years, you may need to restate your California IRA basis. Get FTB Pub. 1100, *Taxation of Nonresidents and Individuals Who Change Residency*.

Coverdell ESA formerly known as Education (ED) IRA – If column A includes a taxable distribution from an ED IRA, you may owe additional tax on that amount. Get form FTB 3805P, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts. Report only the taxable amount of the distribution on line 21f.

Line 16 – Total Pensions and Annuities

Generally, you will not make any adjustments on this line. However, if you received Tier 2 railroad retirement benefits or partially taxable distributions from a pension plan, you may need to make the following adjustments.

If you received a federal Form RRB 1099-R for railroad retirement benefits and included all or part of these benefits in taxable income in column A, enter the taxable benefit amount in column B.

If you began receiving a retirement annuity between 7/1/86 and 1/1/87 and elected to use the three-year rule for California purposes and the annuity rules for federal purposes, enter in column C the amount of the annuity payments you excluded for federal purposes.

Caution: You may have to pay an additional tax if you received a taxable distribution from a qualified retirement plan before reaching age 59½ and the distribution was not rolled over into another qualified plan. See Form 540, line 36 instruction; or Form 3805P, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts.

Line 17 – Rental Real Estate, Royalties, Partnerships, S Corporations, and Trusts, etc.

Adjustments to federal income or loss you reported in column A generally are necessary because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis you use to figure California depreciation may be different from the recovery period or amount used for federal purposes, and you may need to make an adjustment to your income or loss. For more information, see the instructions for column B and column C, line 12.

Note: California law does not conform to federal law for material participation in rental real estate activities. Beginning in 1994, and for federal purposes only, rental real estate activities conducted by persons in real property business are not automatically treated as passive activities. Get form FTB 3801, Passive Activity Loss Limitations, for more information.

Use form FTB 3801, Passive Activity Loss Limitations, to figure the total adjustment for line 17 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule E.

Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the total adjustment for line 17 if you have:

- Only nonpassive activities which produce either gains or losses (or combination of gains and losses); or
- Passive activities that produce gains.

Note: LLCs that are classified as partnerships for California purposes and limited liability partnerships (LLPs) are subject to the same rules as other partnerships. LLCs report distributive items to members on Schedule K-1 (568), Member's Share of Income, Deductions, Credits, etc. LLPs report to partners on Schedule K-1 (565), Partner's Share of Income, Deductions, Credits, etc.

Get FTB Pub. 1001, *Supplemental Guidelines to California Adjustments* for more information about accumulation distributions to beneficiaries for which the trust was not required to pay California tax because the beneficiary's interest was contingent.

Line 18 – Farm Income or (Loss)

Adjustments to federal income or loss you report in column A generally are necessary because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis you use to figure California depreciation may be different from the amount used for federal purposes, and you may need to make an adjustment to your farm income or loss.

Use form FTB 3801, Passive Activity Loss Limitations, to figure the total adjustment for line 18 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule F.

Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the total adjustment for line 18 if you have:

- Only nonpassive activities which produce either gains or losses (or combination of gains and losses); or
- Passive activities that produce gains.

Line 19 – Unemployment Compensation

California does not tax unemployment compensation. Enter on line 19, column B the amount of unemployment compensation shown in column A.

Paid Family Leave Insurance (PFL) benefits, also known as Family Temporary Disability Insurance. If you received payments from the PFL Program in 2005, enter the amount reported on your Form 1099-G in Column B, line 19. For additional information, get FTB Pub. 1001, *Supplemental Guidelines to California Adjustments*.

Line 20 – U.S. Social Security Benefits

California does not tax U.S. social security benefits or equivalent Tier 1 railroad retirement benefits. Enter in column B the amount of U.S. social security benefits or equivalent Tier 1 railroad retirement benefits shown in column A.

Line 21 – Other Income

a. California Lottery Winnings. California does not tax California lottery winnings. Enter in column B the amount of California lottery winnings included in the federal amount on line 21 in column A.

Note: Do not make an adjustment for lottery winnings from other states. They are taxable by California. California and federal laws allow gambling losses only to the extent of reported gambling income. If you reduced your gambling income for California lottery income, you may need to reduce the losses included in the federal itemized deductions on line 38. Enter these losses on line 41 as a negative number.

b. Disaster Loss Carryover from form FTB 3805V, Part III, line 6. If you have a California disaster loss carryover from your 2004 form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts, enter that amount as a positive number in column B.

c. Federal NOL deduction from Form 1040, line 21. If the amount on line 21 in column A includes a federal NOL, enter the amount of the federal NOL deduction as a positive number in column C. Get form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and

Disaster Loss Limitations – Individuals, Estates, and Trusts, to figure the allowable California NOL deduction.

d. NOL Carryover from form FTB 3805V, Part III, line 5. The allowable NOL carryover under California law is different from the allowable NOL carryover under federal law. Use form FTB 3805V to figure the allowable California NOL deduction and enter it as a positive number in column B.

e. NOL deduction from form FTB 3805D, FTB 3805Z, FTB 3806, FTB 3807, or FTB 3809. Enter in column B the total NOL deduction figured on the following forms.

- FTB 3805D, Net Operating Loss (NOL) Computation and Limitation – Pierce's Disease;
- FTB 3805Z, Enterprise Zone Deduction and Credit Summary, line 5b;
- FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary, line 3b;
- FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary, line 5b; or
- FTB 3809, Targeted Tax Area Deduction and Credit Summary, line 3b.

f. Other (describe)

Reward from a crime hotline. Enter in column B the amount of a reward authorized by a government agency that you received from a crime hotline established by a government agency or nonprofit organization and that is included in the amount on line 21 in column A.

Note: You may not make this adjustment if you are an employee of the hotline or someone who sponsors rewards for the hotline.

Federal foreign earned income or housing exclusion. Enter in column C the amount deducted from federal income on Form 1040, line 21.

Beverage container recycling income. Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

Rebates or vouchers from a local water agency, energy agency, or energy supplier. California law allows an income exclusion for rebates or vouchers from a local water agency, energy agency, or energy supplier for the purchase and installation of water conservation appliances and devices. Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

Original issue discount (OID) for debt instruments issued in 1985 and 1986. In the year of sale or other disposition, you must recognize the difference between the amount reported on your federal return and the amount reported for California purposes. **Issuers:** Enter the difference between the federal deductible amount and the California deductible amount on line 21f in column B. **Holders:** Enter the difference between the amount included in federal gross income and the amount included for California purposes on line 21f in column C.

Foreign income of nonresident aliens. Adjust federal income to reflect worldwide income computed under California law. Enter losses from foreign sources in column B. Enter foreign source income in column C.

Cost-share payments received by forest landowners. Enter in column B the cost-share payments received from the Department of Forestry and Fire Protection under the California Forest Improvement Act of 1978 or from the United States Department of Agriculture, Forest Service, under the Forest Stewardship Program and the Stewardship Incentives Program, pursuant to the Cooperative Forestry Assistance Act.

Compensation for False Imprisonment. California excludes compensation for false imprisonment from income. Enter the amount of compensation on line 21f, column B.

Coverdell (ESA) Distributions. If you received a distribution from a Coverdell ESA, report only the taxable amount of the distribution on line 21f.

Health Savings Account (HSA) Distributions for unqualified medical expense. Distributions from a HSA not used for qualified medical expenses, and included in federal income, are not taxable for California purposes. Enter the distribution not used for qualified medical expenses on line 21f, column B.

Grants paid to low-income individuals. California excludes grants paid to low-income individuals to construct or retrofit buildings to make them more energy efficient. Federal has no similar exclusion. Enter on line 21f, column B the amount of this type of income.

California National Guard Surviving Spouse & Children Relief Act of 2004. Death benefits received from the State of California (\$10,000) to the surviving spouse or member-designated beneficiary of certain military personnel killed in the performance of duty is not gross income. Military personnel include the California National Guard, State Military Reserve, or the Naval Militia. If you reported a death benefit on line 21, column A, enter the death benefit amount in column B.

Ottoman Turkish Empire Settlement Payments. Gross income does not include settlement payments received by an eligible individual, individual heirs or estate, as a person persecuted by the regime that was in control of the Ottoman Turkish Empire from 1915 until 1923. If you reported settlement payments on line 21, column A, enter the amount of settlement payments in column B.

Foreign Income. If you excluded income exempted by U.S. tax treaties on your federal Form 1040 (unless specifically exempt for state purposes), enter the excluded amount in Column C. If you claimed foreign earned income or housing cost exclusion on your federal Form 1040 (under IRC Section 911), see the instructions for line 21.

Line 22 – Total

Add line 7 through line 21f in column B and column C. Enter the totals on line 22.

Line 23 through Line 31a and line 32 through line 35 – California law is the same as federal law with the exception of the following:

- Line 23 (Educator expense) – transfer the amount from column A, line 23, to column B, line 23.
- Line 24 (Certain business expenses of performing artists and fee-basis government official); enter the amount from column A, line 24, in column B, line 24.

Note: California conforms with federal in regards to certain business expenses of reservists.

- Line 25 (Health Savings Account Deduction) – Federal law allows a deduction for contributions to an HSA account. California does not conform to this provision. Transfer the amount from Column A, line 25, to column B, line 25.
- Line 29 (Self-Employed Health Insurance Deduction) – most people do not have any entry in column B or column C. For the purposes of this deduction, California allows you to treat your registered domestic partner as your spouse.

Enter on line 29, column C, the amount paid for health insurance coverage (established under your business) for your registered domestic partner and their dependents. Your total California deduction cannot exceed the limitations explained in the federal instructions. Do not include health insurance costs for any month you were eligible to participate in any subsidized health plan maintained by you or your domestic partner's employer.

Enter on line 29, column B, the amount of health insurance cost included in column A, line 29, for any month you were eligible to participate in any subsidized health plan maintained by your registered domestic partner's employer.

- Line 31a (Alimony Paid) – Enter the social security number and last name of the person to whom you paid alimony.

Note: If you are a nonresident alien and did not deduct alimony on your federal return, enter the amount you paid in column C.

- Line 32 (IRA Deduction) – If you are an active duty military member domiciled outside of California, you may have an adjustment. See line 36.

- Line 33 (Student Loan Interest Deduction) – California only allows a deduction for interest required to be paid in the first 60 months. California also has a different phase-out deduction amount. If you claimed the student loan interest deduction on your federal return, complete the worksheet on next page to compute the amount to enter on line 33.

- Line 34 (Tuition and Fees deduction) – transfer the amount from column A, line 34, to column B, line 34.
- Line 35 – California does not conform to the federal law regarding the Domestic production activities deduction. If you made an adjustment on your federal return for Domestic production activities, enter that amount in column B.

Student Loan Interest Deduction Worksheet

1. Enter the total amount from Schedule CA, (540), line 33, Column A 1. _____

Caution: If the amount on line 1 is zero. STOP. Enter zero on Schedule CA (540), line 33, column B. You are not allowed a deduction for California.

2. Enter the total interest you paid in 2005 on qualified student loans. Do not include interest that was required to be paid after the first 60 months or interest for voluntary payments . . . 2. _____
3. Enter the smaller of line 2 or \$2,500 3. _____

4. Enter the amount from Form 540, line 13 (**Note:** Use the federal AGI NOT California AGI) 4. _____
5. Add line 1 and line 4 5. _____

6. Did you file federal Form 2555, 2555-EZ, or 4563, or are you excluding income from sources within Puerto Rico or American Samoa from your federal income?

No. Skip line 6a through 6d.
Enter the amount from line 5 on line 7 and go to line 8.

Yes. Continue to line 6a.

- 6a. Enter any foreign earned income exclusion (federal Form 2555, line 40 or Form 2555-EZ, line 18) 6a. _____

- 6b. Enter any housing exclusion and/or deduction (federal Form 2555, line 34 and line 48) 6b. _____

- 6c. Enter the amount of income from Puerto Rico that you are excluding from federal income 6c. _____

- 6d. Enter the amount of income from American Samoa that you are excluding (federal Form 4563, line 15) 6d. _____

7. Add line 5 through line 6d 7. _____

8. Enter the amount shown below for your filing status

- Single, head of household, or qualifying widow(er) – \$40,000
- Married filing jointly – \$60,000

9. Is the amount on line 7 more than the amount on line 8?

☐ **No.** Skip lines 9 and 10, enter -0- on line 11, and go to line 12.

☐ **Yes.** Subtract line 8 from line 7 9. _____

10. Divide line 9 by \$15,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000" 10. _____

11. Multiply line 3 by line 10 11. _____

12. Student loan interest deduction. Subtract line 11 from line 3 12. _____

13. Student loan interest adjustment. Subtract line 12 from line 1. Enter the result here and on Schedule CA (540), line 33, column B 13. _____

that amount in the total you enter in column B, line 36. Enter the amount and "Clean Fuel" on the dotted line next to line 36. If you claimed the foreign housing deduction, include that amount in the total you enter in column B, line 36. Enter the amount and "Form 2555" or "Form 2555-EZ" on the dotted line next to line 36. If you're an active duty military and you're not domiciled in California and your IRA deduction was limited because of a federal AGI limitation, recalculate your deduction excluding your active duty military pay. If the recalculated amount is larger than the amount on line 32, column A, enter the difference between the two amounts in Column C, line 36. Enter the amount and "MPA Adjustment" on the dotted line next to line 36.

Line 37 – Total

Subtract line 36 from line 22 in column B and column C.

Also, transfer the amount from:

- Line 37, column B to Form 540, Side 1, line 14

Caution: If column B is a negative number, transfer the amount as a positive number to line 16.

- Line 37, column C to Form 540, Side 1, line 16

Caution: If column C is a negative number, transfer the amount as a positive number to line 14.

Note: If you plan to itemize deductions, go to Part II.

Part II – Specific Line Instructions

Line 38 – Federal Itemized Deductions

Enter the total amount of itemized deductions from your federal Form 1040, Schedule A, lines 4, 9, 14, 18, 19, 26, and 27. **Important:** If you did not itemize deductions on your federal tax return but will itemize deductions on your California tax return, first complete federal Schedule A. Then complete Schedule CA (540), Part II, line 38 through line 44.

Line 39 – State, Local, Foreign Income Taxes, and General Sales Tax

Enter the state and local income tax from federal Form 1040, Schedule A, line 5 and only the portion relating to foreign income taxes from line 8. Include state disability insurance (SDI), limited partnership tax, and income or franchise tax paid by S corporations.

If you are deducting general sales taxes on your federal Schedule A, line 5, enter this amount on Schedule CA, line 39.

Note: For tax years beginning in 2004 and 2005, the American Jobs Creation Act of 2004 allows taxpayers to elect to claim state and local general sales and use taxes as an itemized deduction, instead of claiming an itemized deduction for state and local income taxes. The Act gives taxpayers a choice of deducting actual taxes or a tabular amount, increased by certain actual taxes. California has not conformed to this Act.

Line 41 – Other Adjustments

Adoption-Related Expenses. If you deducted adoption-related expenses on your federal Form 1040, Schedule A and are claiming the adoption cost credit for the same amounts on your Form 540, enter the amount of the adoption cost credit claimed as a negative number on line 41.

Mortgage Interest Credit. If you reduced your federal mortgage interest deduction by the amount of your mortgage interest credit (from federal Form 8396, Mortgage Interest Credit), increase your California itemized deductions by the same amount. Enter the amount of your federal mortgage interest credit as a positive number on line 41.

Nontaxable Income Expenses. If, on federal Schedule A, you claim expenses related to producing income taxed under federal law but not taxed by California, enter the amount as a negative number on line 41. You may claim expenses related to producing income taxed by California law but not taxed under federal law by entering the amount as a positive number on line 41.

Employee Business Expense. If you completed federal Form 2106, Employee Business Expense, or Form 2106-EZ, Unreimbursed Employee Business Expense, prepare a second set of forms reflecting your

Line 36 – Add line 23 through line 31a and line 32 through line 35 in column B and column C. If you claimed the clean fuel deduction, include

employee business expense using California amounts (i.e., following California law).

Compare lines 10 on the federal form and the form completed using California amounts. If the federal amount is larger, enter the difference as a negative number on line 41 (bracket the number). If the California amount is larger, enter the difference as a positive number on line 41.

Investment Interest Expense. Your California deduction for investment interest expense may be different from your federal deduction. You must use form FTB 3526, Investment Interest Expense Deduction, to figure the amount to enter on line 41.

Interest Expense Deduction. Your California interest expense deduction may be different from your federal deduction. A deduction is allowed for interest paid on any loan or financed indebtedness from a utility company to purchase energy efficient equipment and products for California residences. Enter as a positive number on line 41.

Gambling Losses. California lottery losses are not deductible for California. Enter the amount of California lottery losses shown on federal Schedule A as a negative number on line 41.

Federal Estate Tax. Federal estate tax paid on income in respect of a decedent is not deductible for California. Enter the amount of federal estate tax shown on federal Schedule A as a negative number on line 41.

Generation Skipping Transfer Tax. Tax paid on generation skipping transfers is not deductible under California law. Enter the amount of expenses shown on federal Schedule A as a negative number on line 41.

State Legislator's Travel Expenses. Under California law, deductible travel expenses for state legislators include only those incurred while away from their place of residence overnight. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a negative number on line 41.

Health Savings Account (HSA) Distributions. If you received a tax-free HSA distribution for qualified medical expenses, enter the qualified expenses paid as an adjustment to itemized deductions, on line 41, as a positive amount.

Charitable Contribution Carryover Deduction. If you are deducting a prior year charitable contribution carryover, and the California carryover is larger than the federal carryover, enter the additional amount as a positive number on line 41.

Carryover Deduction Appreciated Stock Contributed to a Private Foundation prior to 1/1/02. If you are deducting a charitable contribution carryover of appreciated stock donated to a private operating foundation prior to 1/1/02, and the fair market value allowed for federal purposes is larger than the basis allowed for California purposes, enter the difference as a negative number on line 41.

Interest on loans from utility companies. Taxpayers are allowed a tax deduction for interest paid or incurred on a public utility company financed loan that is used to purchase and install energy efficient equipment or products, including zone-heating products for a qualified residence **located in California**. Federal law has no equivalent deduction. Enter the amount as a positive number on line 41.

Medical benefits paid on behalf of registered domestic partners. Taxpayer benefits are extended to include the taxpayer's registered domestic partner and their dependent(s) for medical expenses and health insurance benefits that occur on or after 1/1/02. Federal law does not include this provision. Enter the amount as a positive number on line 41.

Claim of Right. If you claimed a credit for the repayment on your federal return and are deducting the repayment for California, enter the allowable deduction, as a positive amount on Schedule CA, line 41. Deductions of \$3,000 or less are subject to the 2% federal AGI limit. If you deducted the repayment on your federal return and are taking a credit for California, enter the amount of the federal deduction as a negative amount on Schedule CA, line 41.

To help you determine whether to take a credit or deduction, see the Repayment section of federal Publication 525, Taxable and Nontaxable Income. Remember to use the California tax rate in your computations. If you choose to take the credit instead of the deduction for California, add the credit amount on line 46, the total payment line of Form 540. To the left of the total, write "IRC 1341" and the amount of the credit.

Line 43 – California Itemized Deductions

Is the amount on Form 540, line 13 more than the amount shown below for your filing status?

Single or married filing separately \$143,839
Married filing jointly or qualifying widow(er) \$287,682
Head of household \$215,762

NO Transfer the amount from line 42 to line 43. Do not complete the worksheet.

YES Complete the Itemized Deductions Worksheet.

Note:

- If you are married and filing a separate return, you and your spouse must either both itemize your deductions or both take the standard deduction.
- Also, if someone else can claim you as a dependent, you may claim the greater of the standard deduction or your itemized deductions. See instructions for the "California Standard Deduction Worksheet for Dependents" to figure your standard deduction.

Itemized Deductions Worksheet

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1. Amount from Schedule CA (540), line 42 | 1 _____ |
| 2. Using California amounts, add the amounts on federal Form 1040, Schedule A, line 4, line 13, and line 19 plus any gambling losses included on line 27 | 2 _____ |
| 3. Subtract line 2 from line 1 | 3 _____ |
| Note: If -0-, stop. Enter the amount from line 1 on Schedule CA (540), line 43. | |
| 4. Multiply line 3 by 80% (.80) | 4 _____ |
| 5. Amount from Form 540, line 13 | 5 _____ |
| 6. Enter the amount shown above for your filing status . . | 6 _____ |
| 7. Subtract line 6 from line 5 | 7 _____ |
| Note: If -0- or less, stop. Enter the amount from line 1 on Schedule CA (540), line 43. | |
| 8. Multiply line 7 by 6% (.06) | 8 _____ |
| 9. Compare line 4 and line 8. Enter the smaller amount here | 9 _____ |
| 10. Total itemized deductions. Subtract line 9 from line 1. Enter here and on Schedule CA (540), line 43 | 10 _____ |

2005 California Tax Table

To Find Your Tax:

- Read down the column labeled "If Your Taxable Income Is . . ." to find the range that includes your taxable income from Form 540, line 19 or Form 540A, line 16.
- Read across the columns labeled "The Tax For Filing Status" until you find the tax that applies for your taxable income and filing status.

Filing status: 1 or 3 (Single; Married Filing Separately)						2 or 5 (Married Filing Jointly; Qualifying Widow(er))						4 (Head of Household)		
If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
\$1	\$50	\$0	\$0	\$0	6,451	6,550	67	65	65	12,951	13,050	197	134	134
51	150	1	1	1	6,551	6,650	69	66	66	13,051	13,150	199	136	136
151	250	2	2	2	6,651	6,750	71	67	67	13,151	13,250	201	138	138
251	350	3	3	3	6,751	6,850	73	68	68	13,251	13,350	203	140	140
351	450	4	4	4	6,851	6,950	75	69	69	13,351	13,450	205	142	142
451	550	5	5	5	6,951	7,050	77	70	70	13,451	13,550	207	144	144
551	650	6	6	6	7,051	7,150	79	71	71	13,551	13,650	209	146	146
651	750	7	7	7	7,151	7,250	81	72	72	13,651	13,750	211	148	148
751	850	8	8	8	7,251	7,350	83	73	73	13,751	13,850	213	150	150
851	950	9	9	9	7,351	7,450	85	74	74	13,851	13,950	215	152	152
951	1,050	10	10	10	7,451	7,550	87	75	75	13,951	14,050	217	154	154
1,051	1,150	11	11	11	7,551	7,650	89	76	76	14,051	14,150	219	156	156
1,151	1,250	12	12	12	7,651	7,750	91	77	77	14,151	14,250	221	158	158
1,251	1,350	13	13	13	7,751	7,850	93	78	78	14,251	14,350	223	160	160
1,351	1,450	14	14	14	7,851	7,950	95	79	79	14,351	14,450	225	162	162
1,451	1,550	15	15	15	7,951	8,050	97	80	80	14,451	14,550	227	164	164
1,551	1,650	16	16	16	8,051	8,150	99	81	81	14,551	14,650	229	166	166
1,651	1,750	17	17	17	8,151	8,250	101	82	82	14,651	14,750	231	168	168
1,751	1,850	18	18	18	8,251	8,350	103	83	83	14,751	14,850	233	170	170
1,851	1,950	19	19	19	8,351	8,450	105	84	84	14,851	14,950	235	172	172
1,951	2,050	20	20	20	8,451	8,550	107	85	85	14,951	15,050	237	174	174
2,051	2,150	21	21	21	8,551	8,650	109	86	86	15,051	15,150	241	176	176
2,151	2,250	22	22	22	8,651	8,750	111	87	87	15,151	15,250	245	178	178
2,251	2,350	23	23	23	8,751	8,850	113	88	88	15,251	15,350	249	180	180
2,351	2,450	24	24	24	8,851	8,950	115	89	89	15,351	15,450	253	182	182
2,451	2,550	25	25	25	8,951	9,050	117	90	90	15,451	15,550	257	184	184
2,551	2,650	26	26	26	9,051	9,150	119	91	91	15,551	15,650	261	186	186
2,651	2,750	27	27	27	9,151	9,250	121	92	92	15,651	15,750	265	188	188
2,751	2,850	28	28	28	9,251	9,350	123	93	93	15,751	15,850	269	190	190
2,851	2,950	29	29	29	9,351	9,450	125	94	94	15,851	15,950	273	192	192
2,951	3,050	30	30	30	9,451	9,550	127	95	95	15,951	16,050	277	194	194
3,051	3,150	31	31	31	9,551	9,650	129	96	96	16,051	16,150	281	196	196
3,151	3,250	32	32	32	9,651	9,750	131	97	97	16,151	16,250	285	198	198
3,251	3,350	33	33	33	9,751	9,850	133	98	98	16,251	16,350	289	200	200
3,351	3,450	34	34	34	9,851	9,950	135	99	99	16,351	16,450	293	202	202
3,451	3,550	35	35	35	9,951	10,050	137	100	100	16,451	16,550	297	204	204
3,551	3,650	36	36	36	10,051	10,150	139	101	101	16,551	16,650	301	206	206
3,651	3,750	37	37	37	10,151	10,250	141	102	102	16,651	16,750	305	208	208
3,751	3,850	38	38	38	10,251	10,350	143	103	103	16,751	16,850	309	210	210
3,851	3,950	39	39	39	10,351	10,450	145	104	104	16,851	16,950	313	212	212
3,951	4,050	40	40	40	10,451	10,550	147	105	105	16,951	17,050	317	214	214
4,051	4,150	41	41	41	10,551	10,650	149	106	106	17,051	17,150	321	216	216
4,151	4,250	42	42	42	10,651	10,750	151	107	107	17,151	17,250	325	218	218
4,251	4,350	43	43	43	10,751	10,850	153	108	108	17,251	17,350	329	220	220
4,351	4,450	44	44	44	10,851	10,950	155	109	109	17,351	17,450	333	222	222
4,451	4,550	45	45	45	10,951	11,050	157	110	110	17,451	17,550	337	224	224
4,551	4,650	46	46	46	11,051	11,150	159	111	111	17,551	17,650	341	226	226
4,651	4,750	47	47	47	11,151	11,250	161	112	112	17,651	17,750	345	228	228
4,751	4,850	48	48	48	11,251	11,350	163	113	113	17,751	17,850	349	230	230
4,851	4,950	49	49	49	11,351	11,450	165	114	114	17,851	17,950	353	232	232
4,951	5,050	50	50	50	11,451	11,550	167	115	115	17,951	18,050	357	234	234
5,051	5,150	51	51	51	11,551	11,650	169	116	116	18,051	18,150	361	236	236
5,151	5,250	52	52	52	11,651	11,750	171	117	117	18,151	18,250	365	238	238
5,251	5,350	53	53	53	11,751	11,850	173	118	118	18,251	18,350	369	240	240
5,351	5,450	54	54	54	11,851	11,950	175	119	119	18,351	18,450	373	242	242
5,451	5,550	55	55	55	11,951	12,050	177	120	120	18,451	18,550	377	244	244
5,551	5,650	56	56	56	12,051	12,150	179	121	121	18,551	18,650	381	246	246
5,651	5,750	57	57	57	12,151	12,250	181	122	122	18,651	18,750	385	248	248
5,751	5,850	58	58	58	12,251	12,350	183	123	123	18,751	18,850	389	250	250
5,851	5,950	59	59	59	12,351	12,450	185	124	124	18,851	18,950	393	252	252
5,951	6,050	60	60	60	12,451	12,550	187	125	125	18,951	19,050	397	254	254
6,051	6,150	61	61	61	12,551	12,650	189	126	126	19,051	19,150	401	256	256
6,151	6,250	62	62	62	12,651	12,750	191	128	128	19,151	19,250	405	258	258
6,251	6,350	63	63	63	12,751	12,850	193	130	130	19,251	19,350	409	260	260
6,351	6,450	65	64	64	12,851	12,950	195	132	132	19,351	19,450	413	262	262

Continued on next page.

2005 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married Filing Separately) 2 or 5 (Married Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)														
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
19,451	19,550	417	264	264	26,451	26,550	754	404	404	33,451	33,550	1,188	614	614
19,551	19,650	421	266	266	26,551	26,650	760	406	406	33,551	33,650	1,196	618	618
19,651	19,750	425	268	268	26,651	26,750	766	408	408	33,651	33,750	1,204	622	622
19,751	19,850	429	270	270	26,751	26,850	772	410	410	33,751	33,850	1,212	626	626
19,851	19,950	433	272	272	26,851	26,950	778	412	412	33,851	33,950	1,220	630	630
19,951	20,050	437	274	274	26,951	27,050	784	414	414	33,951	34,050	1,228	634	634
20,051	20,150	441	276	276	27,051	27,150	790	416	416	34,051	34,150	1,236	638	638
20,151	20,250	445	278	278	27,151	27,250	796	418	418	34,151	34,250	1,244	642	642
20,251	20,350	449	280	280	27,251	27,350	802	420	420	34,251	34,350	1,252	646	646
20,351	20,450	453	282	282	27,351	27,450	808	422	422	34,351	34,450	1,260	650	650
20,451	20,550	457	284	284	27,451	27,550	814	424	424	34,451	34,550	1,268	654	654
20,551	20,650	461	286	286	27,551	27,650	820	426	426	34,551	34,650	1,276	658	658
20,651	20,750	465	288	288	27,651	27,750	826	428	428	34,651	34,750	1,284	662	662
20,751	20,850	469	290	290	27,751	27,850	832	430	430	34,751	34,850	1,292	666	666
20,851	20,950	473	292	292	27,851	27,950	838	432	432	34,851	34,950	1,300	670	670
20,951	21,050	477	294	294	27,951	28,050	844	434	434	34,951	35,050	1,308	674	674
21,051	21,150	481	296	296	28,051	28,150	850	436	436	35,051	35,150	1,316	678	678
21,151	21,250	485	298	298	28,151	28,250	856	438	438	35,151	35,250	1,324	682	682
21,251	21,350	489	300	300	28,251	28,350	862	440	440	35,251	35,350	1,332	686	686
21,351	21,450	493	302	302	28,351	28,450	868	442	442	35,351	35,450	1,340	690	690
21,451	21,550	497	304	304	28,451	28,550	874	444	444	35,451	35,550	1,348	694	694
21,551	21,650	501	306	306	28,551	28,650	880	446	446	35,551	35,650	1,356	698	698
21,651	21,750	505	308	308	28,651	28,750	886	448	448	35,651	35,750	1,364	702	702
21,751	21,850	509	310	310	28,751	28,850	892	450	450	35,751	35,850	1,372	706	706
21,851	21,950	513	312	312	28,851	28,950	898	452	452	35,851	35,950	1,380	710	710
21,951	22,050	517	314	314	28,951	29,050	904	454	454	35,951	36,050	1,388	714	714
22,051	22,150	521	316	316	29,051	29,150	910	456	456	36,051	36,150	1,396	718	718
22,151	22,250	525	318	318	29,151	29,250	916	458	458	36,151	36,250	1,404	722	722
22,251	22,350	529	320	320	29,251	29,350	922	460	460	36,251	36,350	1,412	726	726
22,351	22,450	533	322	322	29,351	29,450	928	462	462	36,351	36,450	1,420	730	730
22,451	22,550	537	324	324	29,451	29,550	934	464	464	36,451	36,550	1,428	734	734
22,551	22,650	541	326	326	29,551	29,650	940	466	466	36,551	36,650	1,436	738	738
22,651	22,750	545	328	328	29,651	29,750	946	468	468	36,651	36,750	1,444	742	742
22,751	22,850	549	330	330	29,751	29,850	952	470	470	36,751	36,850	1,452	746	746
22,851	22,950	553	332	332	29,851	29,950	958	472	472	36,851	36,950	1,460	750	750
22,951	23,050	557	334	334	29,951	30,050	964	474	474	36,951	37,050	1,468	754	754
23,051	23,150	561	336	336	30,051	30,150	970	478	478	37,051	37,150	1,476	758	758
23,151	23,250	565	338	338	30,151	30,250	976	482	482	37,151	37,250	1,484	762	762
23,251	23,350	569	340	340	30,251	30,350	982	486	486	37,251	37,350	1,492	766	766
23,351	23,450	573	342	342	30,351	30,450	988	490	490	37,351	37,450	1,500	770	770
23,451	23,550	577	344	344	30,451	30,550	994	494	494	37,451	37,550	1,508	774	774
23,551	23,650	581	346	346	30,551	30,650	1,000	498	498	37,551	37,650	1,516	778	778
23,651	23,750	586	348	348	30,651	30,750	1,006	502	502	37,651	37,750	1,524	782	782
23,751	23,850	592	350	350	30,751	30,850	1,012	506	506	37,751	37,850	1,532	786	786
23,851	23,950	598	352	352	30,851	30,950	1,018	510	510	37,851	37,950	1,540	790	790
23,951	24,050	604	354	354	30,951	31,050	1,024	514	514	37,951	38,050	1,548	794	794
24,051	24,150	610	356	356	31,051	31,150	1,030	518	518	38,051	38,150	1,556	798	798
24,151	24,250	616	358	358	31,151	31,250	1,036	522	522	38,151	38,250	1,564	802	802
24,251	24,350	622	360	360	31,251	31,350	1,042	526	526	38,251	38,350	1,572	806	806
24,351	24,450	628	362	362	31,351	31,450	1,048	530	530	38,351	38,450	1,580	810	810
24,451	24,550	634	364	364	31,451	31,550	1,054	534	534	38,451	38,550	1,588	814	814
24,551	24,650	640	366	366	31,551	31,650	1,060	538	538	38,551	38,650	1,596	818	818
24,651	24,750	646	368	368	31,651	31,750	1,066	542	542	38,651	38,750	1,604	822	824
24,751	24,850	652	370	370	31,751	31,850	1,072	546	546	38,751	38,850	1,612	826	830
24,851	24,950	658	372	372	31,851	31,950	1,078	550	550	38,851	38,950	1,620	830	836
24,951	25,050	664	374	374	31,951	32,050	1,084	554	554	38,951	39,050	1,628	834	842
25,051	25,150	670	376	376	32,051	32,150	1,090	558	558	39,051	39,150	1,636	838	848
25,151	25,250	676	378	378	32,151	32,250	1,096	562	562	39,151	39,250	1,644	842	854
25,251	25,350	682	380	380	32,251	32,350	1,102	566	566	39,251	39,350	1,652	846	860
25,351	25,450	688	382	382	32,351	32,450	1,108	570	570	39,351	39,450	1,660	850	866
25,451	25,550	694	384	384	32,451	32,550	1,114	574	574	39,451	39,550	1,668	854	872
25,551	25,650	700	386	386	32,551	32,650	1,120	578	578	39,551	39,650	1,676	858	878
25,651	25,750	706	388	388	32,651	32,750	1,126	582	582	39,651	39,750	1,684	862	884
25,751	25,850	712	390	390	32,751	32,850	1,132	586	586	39,751	39,850	1,692	866	890
25,851	25,950	718	392	392	32,851	32,950	1,140	590	590	39,851	39,950	1,700	870	896
25,951	26,050	724	394	394	32,951	33,050	1,148	594	594	39,951	40,050	1,708	874	902
26,051	26,150	730	396	396	33,051	33,150	1,156	598	598	40,051	40,150	1,716	878	908
26,151	26,250	736	398	398	33,151	33,250	1,164	602	602	40,151	40,250	1,724	882	914
26,251	26,350	742	400	400	33,251	33,350	1,172	606	606	40,251	40,350	1,732	886	920
26,351	26,450	748	402	402	33,351	33,450	1,180	610	610	40,351	40,450	1,740	890	926

Continued on next page.

2005 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married Filing Separately) 2 or 5 (Married Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)														
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
40,451	40,550	1,748	894	932	47,451	47,550	2,386	1,179	1,352	54,451	54,550	3,037	1,599	1,906
40,551	40,650	1,756	898	938	47,551	47,650	2,396	1,185	1,358	54,551	54,650	3,047	1,605	1,914
40,651	40,750	1,764	902	944	47,651	47,750	2,405	1,191	1,364	54,651	54,750	3,056	1,611	1,922
40,751	40,850	1,772	906	950	47,751	47,850	2,414	1,197	1,370	54,751	54,850	3,065	1,617	1,930
40,851	40,950	1,780	910	956	47,851	47,950	2,424	1,203	1,378	54,851	54,950	3,075	1,623	1,938
40,951	41,050	1,788	914	962	47,951	48,050	2,433	1,209	1,386	54,951	55,050	3,084	1,629	1,946
41,051	41,150	1,796	918	968	48,051	48,150	2,442	1,215	1,394	55,051	55,150	3,093	1,635	1,954
41,151	41,250	1,804	922	974	48,151	48,250	2,451	1,221	1,402	55,151	55,250	3,102	1,641	1,962
41,251	41,350	1,812	926	980	48,251	48,350	2,461	1,227	1,410	55,251	55,350	3,112	1,647	1,970
41,351	41,450	1,820	930	986	48,351	48,450	2,470	1,233	1,418	55,351	55,450	3,121	1,653	1,978
41,451	41,550	1,828	934	992	48,451	48,550	2,479	1,239	1,426	55,451	55,550	3,130	1,659	1,986
41,551	41,650	1,838	938	998	48,551	48,650	2,489	1,245	1,434	55,551	55,650	3,140	1,665	1,994
41,651	41,750	1,847	942	1,004	48,651	48,750	2,498	1,251	1,442	55,651	55,750	3,149	1,671	2,002
41,751	41,850	1,856	946	1,010	48,751	48,850	2,507	1,257	1,450	55,751	55,850	3,158	1,677	2,010
41,851	41,950	1,866	950	1,016	48,851	48,950	2,517	1,263	1,458	55,851	55,950	3,168	1,683	2,018
41,951	42,050	1,875	954	1,022	48,951	49,050	2,526	1,269	1,466	55,951	56,050	3,177	1,689	2,026
42,051	42,150	1,884	958	1,028	49,051	49,150	2,535	1,275	1,474	56,051	56,150	3,186	1,695	2,034
42,151	42,250	1,893	962	1,034	49,151	49,250	2,544	1,281	1,482	56,151	56,250	3,195	1,701	2,042
42,251	42,350	1,903	966	1,040	49,251	49,350	2,554	1,287	1,490	56,251	56,350	3,205	1,707	2,050
42,351	42,450	1,912	970	1,046	49,351	49,450	2,563	1,293	1,498	56,351	56,450	3,214	1,713	2,058
42,451	42,550	1,921	974	1,052	49,451	49,550	2,572	1,299	1,506	56,451	56,550	3,223	1,719	2,067
42,551	42,650	1,931	978	1,058	49,551	49,650	2,582	1,305	1,514	56,551	56,650	3,233	1,725	2,076
42,651	42,750	1,940	982	1,064	49,651	49,750	2,591	1,311	1,522	56,651	56,750	3,242	1,731	2,085
42,751	42,850	1,949	986	1,070	49,751	49,850	2,600	1,317	1,530	56,751	56,850	3,251	1,737	2,095
42,851	42,950	1,959	990	1,076	49,851	49,950	2,610	1,323	1,538	56,851	56,950	3,261	1,743	2,104
42,951	43,050	1,968	994	1,082	49,951	50,050	2,619	1,329	1,546	56,951	57,050	3,270	1,749	2,113
43,051	43,150	1,977	998	1,088	50,051	50,150	2,628	1,335	1,554	57,051	57,150	3,279	1,755	2,122
43,151	43,250	1,986	1,002	1,094	50,151	50,250	2,637	1,341	1,562	57,151	57,250	3,288	1,761	2,132
43,251	43,350	1,996	1,006	1,100	50,251	50,350	2,647	1,347	1,570	57,251	57,350	3,298	1,767	2,141
43,351	43,450	2,005	1,010	1,106	50,351	50,450	2,656	1,353	1,578	57,351	57,450	3,307	1,773	2,150
43,451	43,550	2,014	1,014	1,112	50,451	50,550	2,665	1,359	1,586	57,451	57,550	3,316	1,779	2,160
43,551	43,650	2,024	1,018	1,118	50,551	50,650	2,675	1,365	1,594	57,551	57,650	3,326	1,785	2,169
43,651	43,750	2,033	1,022	1,124	50,651	50,750	2,684	1,371	1,602	57,651	57,750	3,335	1,791	2,178
43,751	43,850	2,042	1,026	1,130	50,751	50,850	2,693	1,377	1,610	57,751	57,850	3,344	1,797	2,188
43,851	43,950	2,052	1,030	1,136	50,851	50,950	2,703	1,383	1,618	57,851	57,950	3,354	1,803	2,197
43,951	44,050	2,061	1,034	1,142	50,951	51,050	2,712	1,389	1,626	57,951	58,050	3,363	1,809	2,206
44,051	44,150	2,070	1,038	1,148	51,051	51,150	2,721	1,395	1,634	58,051	58,150	3,372	1,815	2,215
44,151	44,250	2,079	1,042	1,154	51,151	51,250	2,730	1,401	1,642	58,151	58,250	3,381	1,821	2,225
44,251	44,350	2,089	1,046	1,160	51,251	51,350	2,740	1,407	1,650	58,251	58,350	3,391	1,827	2,234
44,351	44,450	2,098	1,050	1,166	51,351	51,450	2,749	1,413	1,658	58,351	58,450	3,400	1,833	2,243
44,451	44,550	2,107	1,054	1,172	51,451	51,550	2,758	1,419	1,666	58,451	58,550	3,409	1,839	2,253
44,551	44,650	2,117	1,058	1,178	51,551	51,650	2,768	1,425	1,674	58,551	58,650	3,419	1,845	2,262
44,651	44,750	2,126	1,062	1,184	51,651	51,750	2,777	1,431	1,682	58,651	58,750	3,428	1,851	2,271
44,751	44,850	2,135	1,066	1,190	51,751	51,850	2,786	1,437	1,690	58,751	58,850	3,437	1,857	2,281
44,851	44,950	2,145	1,070	1,196	51,851	51,950	2,796	1,443	1,698	58,851	58,950	3,447	1,863	2,290
44,951	45,050	2,154	1,074	1,202	51,951	52,050	2,805	1,449	1,706	58,951	59,050	3,456	1,869	2,299
45,051	45,150	2,163	1,078	1,208	52,051	52,150	2,814	1,455	1,714	59,051	59,150	3,465	1,875	2,308
45,151	45,250	2,172	1,082	1,214	52,151	52,250	2,823	1,461	1,722	59,151	59,250	3,474	1,881	2,318
45,251	45,350	2,182	1,086	1,220	52,251	52,350	2,833	1,467	1,730	59,251	59,350	3,484	1,887	2,327
45,351	45,450	2,191	1,090	1,226	52,351	52,450	2,842	1,473	1,738	59,351	59,450	3,493	1,893	2,336
45,451	45,550	2,200	1,094	1,232	52,451	52,550	2,851	1,479	1,746	59,451	59,550	3,502	1,899	2,346
45,551	45,650	2,210	1,098	1,238	52,551	52,650	2,861	1,485	1,754	59,551	59,650	3,512	1,905	2,355
45,651	45,750	2,219	1,102	1,244	52,651	52,750	2,870	1,491	1,762	59,651	59,750	3,521	1,911	2,364
45,751	45,850	2,228	1,106	1,250	52,751	52,850	2,879	1,497	1,770	59,751	59,850	3,530	1,917	2,374
45,851	45,950	2,238	1,110	1,256	52,851	52,950	2,889	1,503	1,778	59,851	59,950	3,540	1,923	2,383
45,951	46,050	2,247	1,114	1,262	52,951	53,050	2,898	1,509	1,786	59,951	60,050	3,549	1,929	2,392
46,051	46,150	2,256	1,118	1,268	53,051	53,150	2,907	1,515	1,794	60,051	60,150	3,558	1,935	2,401
46,151	46,250	2,265	1,122	1,274	53,151	53,250	2,916	1,521	1,802	60,151	60,250	3,567	1,941	2,411
46,251	46,350	2,275	1,126	1,280	53,251	53,350	2,926	1,527	1,810	60,251	60,350	3,577	1,947	2,420
46,351	46,450	2,284	1,130	1,286	53,351	53,450	2,935	1,533	1,818	60,351	60,450	3,586	1,953	2,429
46,451	46,550	2,293	1,134	1,292	53,451	53,550	2,944	1,539	1,826	60,451	60,550	3,595	1,959	2,439
46,551	46,650	2,303	1,138	1,298	53,551	53,650	2,954	1,545	1,834	60,551	60,650	3,605	1,965	2,448
46,651	46,750	2,312	1,142	1,304	53,651	53,750	2,963	1,551	1,842	60,651	60,750	3,614	1,971	2,457
46,751	46,850	2,321	1,146	1,310	53,751	53,850	2,972	1,557	1,850	60,751	60,850	3,623	1,977	2,467
46,851	46,950	2,331	1,150	1,316	53,851	53,950	2,982	1,563	1,858	60,851	60,950	3,633	1,983	2,476
46,951	47,050	2,340	1,154	1,322	53,951	54,050	2,991	1,569	1,866	60,951	61,050	3,642	1,989	2,485
47,051	47,150	2,349	1,158	1,328	54,051	54,150	3,000	1,575	1,874	61,051	61,150	3,651	1,995	2,494
47,151	47,250	2,358	1,162	1,334	54,151	54,250	3,009	1,581	1,882	61,151	61,250	3,660	2,001	2,504
47,251	47,350	2,368	1,167	1,340	54,251	54,350	3,019	1,587	1,890	61,251	61,350	3,670	2,007	2,513
47,351	47,450	2,377	1,173	1,346	54,351	54,450	3,028	1,593	1,898	61,351	61,450	3,679	2,013	2,522

Continued on next page.

2005 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married Filing Separately) 2 or 5 (Married Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)														
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
61,451	61,550	3,688	2,019	2,532	68,451	68,550	4,339	2,496	3,183	75,451	75,550	4,990	3,056	3,834
61,551	61,650	3,698	2,025	2,541	68,551	68,650	4,349	2,504	3,192	75,551	75,650	5,000	3,064	3,843
61,651	61,750	3,707	2,031	2,550	68,651	68,750	4,358	2,512	3,201	75,651	75,750	5,009	3,072	3,852
61,751	61,850	3,716	2,037	2,560	68,751	68,850	4,367	2,520	3,211	75,751	75,850	5,018	3,080	3,862
61,851	61,950	3,726	2,043	2,569	68,851	68,950	4,377	2,528	3,220	75,851	75,950	5,028	3,088	3,871
61,951	62,050	3,735	2,049	2,578	68,951	69,050	4,386	2,536	3,229	75,951	76,050	5,037	3,096	3,880
62,051	62,150	3,744	2,055	2,587	69,051	69,150	4,395	2,544	3,238	76,051	76,150	5,046	3,104	3,889
62,151	62,250	3,753	2,061	2,597	69,151	69,250	4,404	2,552	3,248	76,151	76,250	5,055	3,112	3,899
62,251	62,350	3,763	2,067	2,606	69,251	69,350	4,414	2,560	3,257	76,251	76,350	5,065	3,120	3,908
62,351	62,450	3,772	2,073	2,615	69,351	69,450	4,423	2,568	3,266	76,351	76,450	5,074	3,128	3,917
62,451	62,550	3,781	2,079	2,625	69,451	69,550	4,432	2,576	3,276	76,451	76,550	5,083	3,136	3,927
62,551	62,650	3,791	2,085	2,634	69,551	69,650	4,442	2,584	3,285	76,551	76,650	5,093	3,144	3,936
62,651	62,750	3,800	2,091	2,643	69,651	69,750	4,451	2,592	3,294	76,651	76,750	5,102	3,152	3,945
62,751	62,850	3,809	2,097	2,653	69,751	69,850	4,460	2,600	3,304	76,751	76,850	5,111	3,160	3,955
62,851	62,950	3,819	2,103	2,662	69,851	69,950	4,470	2,608	3,313	76,851	76,950	5,121	3,168	3,964
62,951	63,050	3,828	2,109	2,671	69,951	70,050	4,479	2,616	3,322	76,951	77,050	5,130	3,176	3,973
63,051	63,150	3,837	2,115	2,680	70,051	70,150	4,488	2,624	3,331	77,051	77,150	5,139	3,184	3,982
63,151	63,250	3,846	2,121	2,690	70,151	70,250	4,497	2,632	3,341	77,151	77,250	5,148	3,192	3,992
63,251	63,350	3,856	2,127	2,699	70,251	70,350	4,507	2,640	3,350	77,251	77,350	5,158	3,200	4,001
63,351	63,450	3,865	2,133	2,708	70,351	70,450	4,516	2,648	3,359	77,351	77,450	5,167	3,208	4,010
63,451	63,550	3,874	2,139	2,718	70,451	70,550	4,525	2,656	3,369	77,451	77,550	5,176	3,216	4,020
63,551	63,650	3,884	2,145	2,727	70,551	70,650	4,535	2,664	3,378	77,551	77,650	5,186	3,224	4,029
63,651	63,750	3,893	2,151	2,736	70,651	70,750	4,544	2,672	3,387	77,651	77,750	5,195	3,232	4,038
63,751	63,850	3,902	2,157	2,746	70,751	70,850	4,553	2,680	3,397	77,751	77,850	5,204	3,240	4,048
63,851	63,950	3,912	2,163	2,755	70,851	70,950	4,563	2,688	3,406	77,851	77,950	5,214	3,248	4,057
63,951	64,050	3,921	2,169	2,764	70,951	71,050	4,572	2,696	3,415	77,951	78,050	5,223	3,256	4,066
64,051	64,150	3,930	2,175	2,773	71,051	71,150	4,581	2,704	3,424	78,051	78,150	5,232	3,264	4,075
64,151	64,250	3,939	2,181	2,783	71,151	71,250	4,590	2,712	3,434	78,151	78,250	5,241	3,272	4,085
64,251	64,350	3,949	2,187	2,792	71,251	71,350	4,600	2,720	3,443	78,251	78,350	5,251	3,280	4,094
64,351	64,450	3,958	2,193	2,801	71,351	71,450	4,609	2,728	3,452	78,351	78,450	5,260	3,288	4,103
64,451	64,550	3,967	2,199	2,811	71,451	71,550	4,618	2,736	3,462	78,451	78,550	5,269	3,296	4,113
64,551	64,650	3,977	2,205	2,820	71,551	71,650	4,628	2,744	3,471	78,551	78,650	5,279	3,304	4,122
64,651	64,750	3,986	2,211	2,829	71,651	71,750	4,637	2,752	3,480	78,651	78,750	5,288	3,312	4,131
64,751	64,850	3,995	2,217	2,839	71,751	71,850	4,646	2,760	3,490	78,751	78,850	5,297	3,320	4,141
64,851	64,950	4,005	2,223	2,848	71,851	71,950	4,656	2,768	3,499	78,851	78,950	5,307	3,328	4,150
64,951	65,050	4,014	2,229	2,857	71,951	72,050	4,665	2,776	3,508	78,951	79,050	5,316	3,336	4,159
65,051	65,150	4,023	2,235	2,866	72,051	72,150	4,674	2,784	3,517	79,051	79,150	5,325	3,344	4,168
65,151	65,250	4,032	2,241	2,876	72,151	72,250	4,683	2,792	3,527	79,151	79,250	5,334	3,352	4,178
65,251	65,350	4,042	2,247	2,885	72,251	72,350	4,693	2,800	3,536	79,251	79,350	5,344	3,360	4,187
65,351	65,450	4,051	2,253	2,894	72,351	72,450	4,702	2,808	3,545	79,351	79,450	5,353	3,368	4,196
65,451	65,550	4,060	2,259	2,904	72,451	72,550	4,711	2,816	3,555	79,451	79,550	5,362	3,376	4,206
65,551	65,650	4,070	2,265	2,913	72,551	72,650	4,721	2,824	3,564	79,551	79,650	5,372	3,384	4,215
65,651	65,750	4,079	2,272	2,922	72,651	72,750	4,730	2,832	3,573	79,651	79,750	5,381	3,392	4,224
65,751	65,850	4,088	2,280	2,932	72,751	72,850	4,739	2,840	3,583	79,751	79,850	5,390	3,400	4,234
65,851	65,950	4,098	2,288	2,941	72,851	72,950	4,749	2,848	3,592	79,851	79,950	5,400	3,408	4,243
65,951	66,050	4,107	2,296	2,950	72,951	73,050	4,758	2,856	3,601	79,951	80,050	5,409	3,416	4,252
66,051	66,150	4,116	2,304	2,959	73,051	73,150	4,767	2,864	3,610	80,051	80,150	5,418	3,424	4,261
66,151	66,250	4,125	2,312	2,969	73,151	73,250	4,776	2,872	3,620	80,151	80,250	5,427	3,432	4,271
66,251	66,350	4,135	2,320	2,978	73,251	73,350	4,786	2,880	3,629	80,251	80,350	5,437	3,440	4,280
66,351	66,450	4,144	2,328	2,987	73,351	73,450	4,795	2,888	3,638	80,351	80,450	5,446	3,448	4,289
66,451	66,550	4,153	2,336	2,997	73,451	73,550	4,804	2,896	3,648	80,451	80,550	5,455	3,456	4,299
66,551	66,650	4,163	2,344	3,006	73,551	73,650	4,814	2,904	3,657	80,551	80,650	5,465	3,464	4,308
66,651	66,750	4,172	2,352	3,015	73,651	73,750	4,823	2,912	3,666	80,651	80,750	5,474	3,472	4,317
66,751	66,850	4,181	2,360	3,025	73,751	73,850	4,832	2,920	3,676	80,751	80,850	5,483	3,480	4,327
66,851	66,950	4,191	2,368	3,034	73,851	73,950	4,842	2,928	3,685	80,851	80,950	5,493	3,488	4,336
66,951	67,050	4,200	2,376	3,043	73,951	74,050	4,851	2,936	3,694	80,951	81,050	5,502	3,496	4,345
67,051	67,150	4,209	2,384	3,052	74,051	74,150	4,860	2,944	3,703	81,051	81,150	5,511	3,504	4,354
67,151	67,250	4,218	2,392	3,062	74,151	74,250	4,869	2,952	3,713	81,151	81,250	5,520	3,512	4,364
67,251	67,350	4,228	2,400	3,071	74,251	74,350	4,879	2,960	3,722	81,251	81,350	5,530	3,520	4,373
67,351	67,450	4,237	2,408	3,080	74,351	74,450	4,888	2,968	3,731	81,351	81,450	5,539	3,528	4,382
67,451	67,550	4,246	2,416	3,090	74,451	74,550	4,897	2,976	3,741	81,451	81,550	5,548	3,536	4,392
67,551	67,650	4,256	2,424	3,099	74,551	74,650	4,907	2,984	3,750	81,551	81,650	5,558	3,544	4,401
67,651	67,750	4,265	2,432	3,108	74,651	74,750	4,916	2,992	3,759	81,651	81,750	5,567	3,552	4,410
67,751	67,850	4,274	2,440	3,118	74,751	74,850	4,925	3,000	3,769	81,751	81,850	5,576	3,560	4,420
67,851	67,950	4,284	2,448	3,127	74,851	74,950	4,935	3,008	3,778	81,851	81,950	5,586	3,568	4,429
67,951	68,050	4,293	2,456	3,136	74,951	75,050	4,944	3,016	3,787	81,951	82,050	5,595	3,576	4,438
68,051	68,150	4,302	2,464	3,145	75,051	75,150	4,953	3,024	3,796	82,051	82,150	5,604	3,584	4,447
68,151	68,250	4,311	2,472	3,155	75,151	75,250	4,962	3,032	3,806	82,151	82,250	5,613	3,592	4,457
68,251	68,350	4,321	2,480	3,164	75,251	75,350	4,972	3,040	3,815	82,251	82,350	5,623	3,600	4,466
68,351	68,450	4,330	2,488	3,173	75,351	75,450	4,981	3,048	3,824	82,351	82,450	5,632	3,608	4,475

Continued on next page.

2005 California Tax Table

Filing status: 1 or 3 (Single; Married Filing Separately) 2 or 5 (Married Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)														
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
82,451	82,550	5,641	3,616	4,485	88,951	89,050	6,246	4,215	5,089	95,451	95,550	6,850	4,819	5,694
82,551	82,650	5,651	3,624	4,494	89,051	89,150	6,255	4,224	5,098	95,551	95,650	6,860	4,828	5,703
82,651	82,750	5,660	3,632	4,503	89,151	89,250	6,264	4,233	5,108	95,651	95,750	6,869	4,838	5,712
82,751	82,850	5,669	3,640	4,513	89,251	89,350	6,274	4,243	5,117	95,751	95,850	6,878	4,847	5,722
82,851	82,950	5,679	3,648	4,522	89,351	89,450	6,283	4,252	5,126	95,851	95,950	6,888	4,856	5,731
82,951	83,050	5,688	3,657	4,531	89,451	89,550	6,292	4,261	5,136	95,951	96,050	6,897	4,866	5,740
83,051	83,150	5,697	3,666	4,540	89,551	89,650	6,302	4,270	5,145	96,051	96,150	6,906	4,875	5,749
83,151	83,250	5,706	3,675	4,550	89,651	89,750	6,311	4,280	5,154	96,151	96,250	6,915	4,884	5,759
83,251	83,350	5,716	3,685	4,559	89,751	89,850	6,320	4,289	5,164	96,251	96,350	6,925	4,894	5,768
83,351	83,450	5,725	3,694	4,568	89,851	89,950	6,330	4,298	5,173	96,351	96,450	6,934	4,903	5,777
83,451	83,550	5,734	3,703	4,578	89,951	90,050	6,339	4,308	5,182	96,451	96,550	6,943	4,912	5,787
83,551	83,650	5,744	3,712	4,587	90,051	90,150	6,348	4,317	5,191	96,551	96,650	6,953	4,921	5,796
83,651	83,750	5,753	3,722	4,596	90,151	90,250	6,357	4,326	5,201	96,651	96,750	6,962	4,931	5,805
83,751	83,850	5,762	3,731	4,606	90,251	90,350	6,367	4,336	5,210	96,751	96,850	6,971	4,940	5,815
83,851	83,950	5,772	3,740	4,615	90,351	90,450	6,376	4,345	5,219	96,851	96,950	6,981	4,949	5,824
83,951	84,050	5,781	3,750	4,624	90,451	90,550	6,385	4,354	5,229	96,951	97,050	6,990	4,959	5,833
84,051	84,150	5,790	3,759	4,633	90,551	90,650	6,395	4,363	5,238	97,051	97,150	6,999	4,968	5,842
84,151	84,250	5,799	3,768	4,643	90,651	90,750	6,404	4,373	5,247	97,151	97,250	7,008	4,977	5,852
84,251	84,350	5,809	3,778	4,652	90,751	90,850	6,413	4,382	5,257	97,251	97,350	7,018	4,987	5,861
84,351	84,450	5,818	3,787	4,661	90,851	90,950	6,423	4,391	5,266	97,351	97,450	7,027	4,996	5,870
84,451	84,550	5,827	3,796	4,671	90,951	91,050	6,432	4,401	5,275	97,451	97,550	7,036	5,005	5,880
84,551	84,650	5,837	3,805	4,680	91,051	91,150	6,441	4,410	5,284	97,551	97,650	7,046	5,014	5,889
84,651	84,750	5,846	3,815	4,689	91,151	91,250	6,450	4,419	5,294	97,651	97,750	7,055	5,024	5,898
84,751	84,850	5,855	3,824	4,699	91,251	91,350	6,460	4,429	5,303	97,751	97,850	7,064	5,033	5,908
84,851	84,950	5,865	3,833	4,708	91,351	91,450	6,469	4,438	5,312	97,851	97,950	7,074	5,042	5,917
84,951	85,050	5,874	3,843	4,717	91,451	91,550	6,478	4,447	5,322	97,951	98,050	7,083	5,052	5,926
85,051	85,150	5,883	3,852	4,726	91,551	91,650	6,488	4,456	5,331	98,051	98,150	7,092	5,061	5,935
85,151	85,250	5,892	3,861	4,736	91,651	91,750	6,497	4,466	5,340	98,151	98,250	7,101	5,070	5,945
85,251	85,350	5,902	3,871	4,745	91,751	91,850	6,506	4,475	5,350	98,251	98,350	7,111	5,080	5,954
85,351	85,450	5,911	3,880	4,754	91,851	91,950	6,516	4,484	5,359	98,351	98,450	7,120	5,089	5,963
85,451	85,550	5,920	3,889	4,764	91,951	92,050	6,525	4,494	5,368	98,451	98,550	7,129	5,098	5,973
85,551	85,650	5,930	3,898	4,773	92,051	92,150	6,534	4,503	5,377	98,551	98,650	7,139	5,107	5,982
85,651	85,750	5,939	3,908	4,782	92,151	92,250	6,543	4,512	5,387	98,651	98,750	7,148	5,117	5,991
85,751	85,850	5,948	3,917	4,792	92,251	92,350	6,553	4,522	5,396	98,751	98,850	7,157	5,126	6,001
85,851	85,950	5,958	3,926	4,801	92,351	92,450	6,562	4,531	5,405	98,851	98,950	7,167	5,135	6,010
85,951	86,050	5,967	3,936	4,810	92,451	92,550	6,571	4,540	5,415	98,951	99,050	7,176	5,145	6,019
86,051	86,150	5,976	3,945	4,819	92,551	92,650	6,581	4,549	5,424	99,051	99,150	7,185	5,154	6,028
86,151	86,250	5,985	3,954	4,829	92,651	92,750	6,590	4,559	5,433	99,151	99,250	7,194	5,163	6,038
86,251	86,350	5,995	3,964	4,838	92,751	92,850	6,599	4,568	5,443	99,251	99,350	7,204	5,173	6,047
86,351	86,450	6,004	3,973	4,847	92,851	92,950	6,609	4,577	5,452	99,351	99,450	7,213	5,182	6,056
86,451	86,550	6,013	3,982	4,857	92,951	93,050	6,618	4,587	5,461	99,451	99,550	7,222	5,191	6,066
86,551	86,650	6,023	3,991	4,866	93,051	93,150	6,627	4,596	5,470	99,551	99,650	7,232	5,200	6,075
86,651	86,750	6,032	4,001	4,875	93,151	93,250	6,636	4,605	5,480	99,651	99,750	7,241	5,210	6,084
86,751	86,850	6,041	4,010	4,885	93,251	93,350	6,646	4,615	5,489	99,751	99,850	7,250	5,219	6,094
86,851	86,950	6,051	4,019	4,894	93,351	93,450	6,655	4,624	5,498	99,851	99,950	7,260	5,228	6,103
86,951	87,050	6,060	4,029	4,903	93,451	93,550	6,664	4,633	5,508	99,951 100,000	OVER \$100,000 YOU MUST USE THE TAX RATE SCHEDULES on page 75.	7,267	5,235	6,110
87,051	87,150	6,069	4,038	4,912	93,551	93,650	6,674	4,642	5,517					
87,151	87,250	6,078	4,047	4,922	93,651	93,750	6,683	4,652	5,526					
87,251	87,350	6,088	4,057	4,931	93,751	93,850	6,692	4,661	5,536					
87,351	87,450	6,097	4,066	4,940	93,851	93,950	6,702	4,670	5,545					
87,451	87,550	6,106	4,075	4,950	93,951	94,050	6,711	4,680	5,554					
87,551	87,650	6,116	4,084	4,959	94,051	94,150	6,720	4,689	5,563					
87,651	87,750	6,125	4,094	4,968	94,151	94,250	6,729	4,698	5,573					
87,751	87,850	6,134	4,103	4,978	94,251	94,350	6,739	4,708	5,582					
87,851	87,950	6,144	4,112	4,987	94,351	94,450	6,748	4,717	5,591					
87,951	88,050	6,153	4,122	4,996	94,451	94,550	6,757	4,726	5,601	94,551	94,650	6,767	4,735	5,610
88,051	88,150	6,162	4,131	5,005	94,551	94,650	6,767	4,735	5,610					
88,151	88,250	6,171	4,140	5,015	94,651	94,750	6,776	4,745	5,619					
88,251	88,350	6,181	4,150	5,024	94,751	94,850	6,785	4,754	5,629					
88,351	88,450	6,190	4,159	5,033	94,851	94,950	6,795	4,763	5,638					
88,451	88,550	6,199	4,168	5,043	94,951	95,050	6,804	4,773	5,647					
88,551	88,650	6,209	4,177	5,052	95,051	95,150	6,813	4,782	5,656					
88,651	88,750	6,218	4,187	5,061	95,151	95,250	6,822	4,791	5,666					
88,751	88,850	6,227	4,196	5,071	95,251	95,350	6,832	4,801	5,675					
88,851	88,950	6,237	4,205	5,080	95,351	95,450	6,841	4,810	5,684					

2006 Instructions for Form 540-ES Estimated Tax For Individuals

A Purpose

Use this form, with the instructions and the 2006 Estimated Tax Worksheet, to determine if you owe estimated tax for 2006 and to figure the required amounts. Estimated tax is the tax you expect to owe in 2006 after subtracting the credits you plan to take and tax you expect to have withheld.

Note: If you need to make a payment for your 2005 tax liability or make a separate payment for any balance due on your 2005 tax return, use form FTB 3519, Automatic Extension for Individuals, or form FTB 3567, Installment Agreement Request, or call (800) 338-0505.

Generally, the required estimated tax amount is based on the lesser of 90% of the current year's tax or 100% of the prior year's tax including Alternative Minimum Tax (AMT).

Note: Certain taxpayers are limited in their use of the prior year's tax as a basis for figuring their estimated tax. See paragraph C below for more information. You can check the estimated payments we've received by going to our Website at www.ftb.ca.gov and select Check your account.

Increasing your withholding could eliminate the need to make a large payment with your tax return. To increase your withholding, complete Employment Development Department (EDD) Form DE 4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. You can get this form from your employer, or by calling EDD at (888) 745-3886. You can download the Form DE 4 at EDD's Website www.edd.ca.gov or use the online calculator by going to www.ftb.ca.gov and searching for DE 4.

Note: Form DE 4 specifically adjusts your California state withholding and is not the same as the federal Form W-4, Employee's Withholding Allowance Certificate.

B Who Must Make Estimated Tax Payments

Generally, you must make estimated tax payments if you expect to owe at least \$200 (\$100 if married filing separately) in tax for 2006 (after subtracting withholding and credits) and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 2006 tax return; or
2. The tax shown on your 2005 tax return including AMT.

Note:

- You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2006 and did not have a California tax liability in 2005.
- If you are a military servicemember not domiciled in California, do not include your military pay in your computation of estimated tax payments. For additional information, get FTB Pub. 1032, *Tax Information for Military Personnel*.

If you and your spouse paid joint estimated tax payments, but are now filing separate returns, either of you may claim all of the amount paid, or you may each claim part of the joint estimated payments. If you want the estimated tax payments to be divided, notify the FTB before the end of the tax year in which you wish to file separate returns so that the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court ordered settlement) or a statement showing the allocation of the payments along with a notarized signature of both taxpayers. The statements should be sent to:

JOINT ESTIMATE CREDIT ALLOCATION M/S F-210
TAXPAYER SERVICES CENTER
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

C Limit on the Use of Prior Year's Tax

Individuals who are required to make estimated payments, and whose 2005 adjusted gross income is more than \$150,000 (or \$75,000 if married filing separately), must figure estimated tax based on the lesser of 90% of their tax for 2006 or 110% of their tax for 2005 including AMT. This rule does not apply to farmers or fishermen.

D When to Make Your Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If you do not pay enough tax by the due date of each of the payment periods, you may be charged a penalty even if you are due a refund when you file your income tax return. The payment periods and due dates are:

For the payment period:

January 1 through March 31, 2006
April 1 through May 31, 2006
June 1 through August 31, 2006
Sept. 1 through Dec. 31, 2006

Due date:

April 17, 2006
June 15, 2006
September 15, 2006
January 16, 2007

Filing an Early Return in Place of the 4th Installment. If you file your 2006 tax return by January 31, 2007, and pay the entire balance due, you do not have to make your last estimated tax payment. In addition, you will not owe a penalty for the fourth installment.

Annualization Option. If you do not receive your taxable income evenly during the year, it may be to your advantage to annualize your income. This method allows you to match your estimated tax payments to the actual period when you earned the income. You may use the annualization schedule included with the 2005 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Farmers and Fishermen. If you are a farmer or fisherman, and at least two-thirds of your 2005 and 2006 gross income is from farming or fishing, you may:

- Pay all of your estimated tax by January 16, 2007; or
- File your tax return for 2006 on or before March 1, 2007, and pay the total tax due. In this case, you need not make estimated tax payments for 2006. Use form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, to determine if you paid the required estimated tax. If the estimated tax is underpaid, attach the completed form FTB 5805F to the back of your return.

Fiscal Year. If you file your return on a fiscal year basis, your due dates will be the 15th day of the 4th, 6th, and 9th months of your fiscal year and the 1st month of the following fiscal year. If the due date falls on a Saturday, Sunday, or legal holiday, use the next business day.

Mental Health Services Tax. If your taxable income or nonresident CA source taxable income is more than \$1,000,000, compute the Mental Health Services Tax below.

A. Taxable income from Form 540A, line 16; Form 540, line 19; or Long Form 540NR, line 22	
B. Less:	\$(1,000,000)
C. Subtotal	
D. Multiply line C by 1%	x .01
E. Mental Health Services Tax – Enter this amount on line 17 of the 2006 Estimated Tax Worksheet on the next page	

E How to Use Form 540-ES Payment Voucher

Use the Estimated Tax Worksheet and your 2005 California income tax return as a guide for figuring your 2006 estimated tax. Be sure that the amount shown on line 21 of the Estimated Tax Worksheet has been reduced by any overpaid tax on your 2005 tax return which you chose to apply toward your 2006 estimated tax payment.

Note:

- This form is not an application for an installment agreement. If you are not able to pay your income tax, get FTB 3567, Installment Agreement Request Booklet, or complete the form online. Visit our Website at www.ftb.ca.gov.
- If you filed Form 540 2EZ for 2005, do not use the Form 540 2EZ instructions for figuring amounts on this worksheet. Instead, get the 2005 California Resident Income Tax Booklet.

There is a separate payment voucher for each due date. Please be sure you use the voucher with the correct due date shown in the top margin of the voucher. Complete Form 540-ES using black or blue ink:

1. Print your name, address, and social security number in the space provided on Form 540-ES. If you have a foreign address, enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.
2. Complete the amount of payment line of the voucher by entering the amount of the payment that you are sending. Your entry must match the amount you are sending.
3. Paying your tax:
Web Pay – To make a payment online or to schedule a future payment (up to one year in advance), visit our Website at www.ftb.ca.gov. **Do not mail** the voucher to us.
Credit card – Visit our Website at www.ftb.ca.gov or call (800) 272-9829. You will be charged a fee for this service. **Do not mail** the voucher if you pay by credit card.
Check or money order – Make your check or money order payable to “**Franchise Tax Board**.” Write your social security number and “Form 540-ES 2006” on it and mail to the address on the voucher.

Note: All checks and money orders must be payable in U.S. dollars and drawn against a U.S. Financial Institution.

4. Complete the Record of Estimated Tax Payments on page 66 for your files.
5. **Fiscal year filers:** Enter the month of your fiscal year end (located directly below the form's title).

F Failure to Make Estimated Tax Payments

If you do not make the required estimate payments or if you underpay any installment, a penalty may be assessed on the portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of your tax return, whichever is earlier. Refer to the 2005 form FTB 5805 for more information.

2006 Estimated Tax Worksheet Keep this worksheet for your records.

1 Residents: Enter your estimated 2006 California AGI. **Nonresidents and part-year residents:** Enter your estimated 2006 total AGI from all sources. **If you are a military servicemember not domiciled in California, do not include your military pay.** **1** _____

2 a If you plan to itemize deductions, enter the estimated total of your itemized deductions **2a** _____

b If you do not plan to itemize deductions, enter the standard deduction for your filing status:
\$3,254 single or married filing separately
\$6,508 married filing jointly, head of household, or qualifying widow(er) **2b** _____

c Enter the amount from line 2a or line 2b, whichever applies **2c** _____

3 Subtract line 2c from line 1 **3** _____

4 Tax. Figure your tax on the amount on line 3 using the 2005 tax table for Form 540, Form 540A, or Long Form 540NR. Also include any tax from form FTB 3800, Tax Computation for Children with Investment Income; form FTB 3803, Parents' Election to Report Child's Interest and Dividends **4** _____

5 Residents: Skip to line 6a. **Nonresidents and part-year residents:**

a Enter your estimated California taxable income from Schedule CA (540NR), Part IV, line 49 **5a** _____

b Compute the CA Tax Rate: Tax on total taxable income from line 4 **5b** _____
Total taxable income from line 3

c Multiply the amount on line 5a by the CA Tax Rate on line 5b **5c** _____

6 a Residents: Enter the exemption credit amount from the 2005 instructions for Form 540 or Form 540A **6a** _____

b Nonresidents or part-year residents: Enter the CA credit proration percentage. Divide line 5a by line 3. If more than 1 enter 1.0000 .. **6b** _____

7 Nonresidents: CA prorated Exemption credits. Multiply the total exemption credit amount by line 6b **7** _____

8 Residents: Subtract line 6a from line 4. **Nonresidents or part-year residents:** Subtract line 7 from line 5c **8** _____

9 Tax on accumulation distribution of trusts. See instructions for form FTB 5870A, Tax on Accumulation Distribution of Trusts ... **9** _____

10 Add line 8 and line 9 **10** _____

11 Credits for joint custody head of household, dependent parent, senior head of household, and child and dependent care expenses. **Nonresidents and part-year residents:** For the child and dependent care expenses credit, use the amount from your 2005 Long Form 540NR, line 54. For the other credits listed on line 11, multiply the total 2005 credit amount by the ratio on line 6b. **11** _____

12 Subtract line 11 from line 10 **12** _____

13 Other credits (such as other state tax credit). See the 2005 instructions for Form 540, Form 540A, or Long Form 540NR **13** _____

14 Subtract line 13 from line 12 **14** _____

15 Interest on deferred tax from installment obligations under IRC Sections 453 or 453A **15** _____

16 Alternative Minimum Tax. See Schedule P (540 or 540NR) **16** _____

17 Mental Health Services Tax Worksheet, line E, from page 65 **17** _____

18 2006 Estimated Tax. Add line 14 through 17. Enter the result, but not less than zero **18** _____

19 a Multiply line 18 by 90% (.90). Farmers and fishermen multiply line 18 by 66 2/3% (.6667) **19a** _____

b Enter the sum of line 33, line 34, and line 35 from your 2005 Form 540; line 23 from Form 540A; or the sum of line 42, line 43, and line 44 from your Long Form 540NR **19b** _____

c Enter the amount from your 2005 Form 540, line 17; Form 540A, line 14; or Long Form 540NR, line 21 **19c** _____

d Is the amount on line 19c more than \$150,000 (\$75,000 if married filing a separate return)? **Yes.** Go to line 19e. **No.** Enter the lesser of line 19a or line 19b. Skip line 19e and 19f and go to line 20 **19d** _____

e Multiply 110% (1.10) by the sum of line 33, line 34, and line 35 from your 2005 Form 540; line 23 from Form 540A; or the sum of line 42, line 43, and line 44 from your Long Form 540NR. **19e** _____

f Enter the lesser of line 19a or line 19e and go to line 20 **19f** _____

Caution: Generally, if you do not prepay at least the amount on line 19d (or 19f if no amount on line 19d), you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimated tax on line 18 is as accurate as possible. If you prefer, you may pay 100% of your 2006 estimated tax (line 18).

20 California income tax withheld and estimated to be withheld during 2005 (include withholding on pensions, annuities, etc) **20** _____

21 Balance. Subtract line 20 from line 19d (or line 19f if no amount on line 19d). If less than \$200 (or less than \$100, if married filing separately), you do not have to make a payment at this time **21** _____

22 Installment amount. Divide the amount on line 21 by 4. Enter the result here and on each of your Forms 540-ES. If you will earn your income at an uneven rate during the year, see Annualization Option in the instructions under paragraph D **22** _____

Record of Estimated Tax Payments

Payment voucher number	(a) Date	(b) Web Pay/Credit Card and confirmation number	(c) Amount paid	(d) 2005 overpayment applied	(e) Total amount paid and credited add (b), (c), and (d)
1			\$	\$	\$
2					
3					
4					
Total			\$	\$	\$

2005 Child and Dependent Care Expenses Credit**3506**

Attach to your California Form 540, 540A, or Long Form 540NR.

Name(s) as shown on return

Social Security Number

Part I Unearned Income and Other Funds Received in 2005. See instructions

SOURCE OF INCOME/FUNDS	AMOUNT	SOURCE OF INCOME/FUNDS	AMOUNT
•	•	•	•
•	•	•	•
•	•	•	•

Part II Persons or Organizations Who Provided the Care in California – You must complete this part. See instructions.

- 1 Enter the following information for each person or organization that provided care in California. (Only care provided in California qualifies for the credit.)
If you need more space, attach a separate sheet.

	Provider	Provider
a. Care provider's name	•	•
b. Care provider's address (number, street, apt. no., city, state, and ZIP Code)	•	•
c. Care provider's telephone number	• ()	• ()
d. Is provider a person or organization?	<input type="checkbox"/> Person <input type="checkbox"/> Organization	<input type="checkbox"/> Person <input type="checkbox"/> Organization
e. Identification number (SSN or FEIN)	•	•
f. Address where care was provided (number, street, apt. no., city, state, and ZIP Code)		
g. Amount paid for care provided	•	•

Did you receive dependent care benefits? ▶▶▶▶▶

No Complete Part III below.
Yes Complete Part IV before Part III.**Part III Credit for Child and Dependent Care Expenses**

- 2 Information about your **qualifying person(s)**. See instructions

(a) Qualifying person's name		(b) Qualifying person's social security number (See instructions)	(c) Qualifying person's date of birth (DOB) or if disabled	(d) Percentage of physical custody (See instructions)	(e) Qualified expenses you incurred and paid in 2005 for the qualifying person's care in California
First	Last				
•	•	•	• DOB: _____ • Disabled <input type="checkbox"/> Yes	•	•
•	•	•	• DOB: _____ • Disabled <input type="checkbox"/> Yes	•	•
•	•	•	• DOB: _____ • Disabled <input type="checkbox"/> Yes	•	•

3 Add the amounts in column (e) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more qualifying persons. If you completed Part IV, enter the amount from line 33	•	3	
4 Enter YOUR earned income . See instructions	•	4	
Nonresidents: Enter only your earned income from California sources . If you do not have earned income from California sources, stop , you do not qualify for the credit. Military members, see instructions. Part-year residents: Enter the total of (1) your earned income from California sources received while you were a nonresident and (2) all earned income received while you were a resident. Military members, see instructions.			
5 If married filing a joint return, enter YOUR SPOUSE'S earned income. (If your spouse was a student or was disabled, see the instructions.) If not filing a joint return, enter the amount from line 4	•	5	
Nonresidents: Enter only your spouse's earned income from California sources . If your spouse does not have earned income from California sources, stop , you do not qualify for the credit. Military members, see instructions. Part-year residents: Enter the total of (1) your spouse's earned income from California sources received while he or she was a nonresident and (2) all earned income your spouse received while he or she was a resident. Military members, see instructions.			
6 Enter the smallest of line 3, line 4, or line 5	•	6	
7 Enter the decimal amount shown in the chart on page 3 of the instructions for line 7	•	7	X. _____
8 Multiply line 6 by the decimal amount on line 7. Enter the amount here and on Form 540A, line 30; Form 540, line 44; or Long Form 540NR, line 53	•	8	
9 Enter the decimal amount listed on the chart on page 3 of the instructions for line 9	•	9	X. _____
10 Multiply the amount on line 8 by the decimal amount on line 9	•	10	
11 Credit for prior year expenses paid in 2005. See instructions for line 11	•	11	
12 Add line 10 and line 11. Enter the amount here and on Form 540A, line 31; Form 540, line 45; or Long Form 540NR, line 54	•	12	

Part IV Dependent Care Benefits

13	Enter the total amount of dependent care benefits you received for 2005. This amount should be shown in box 10 of your Form(s) W-2. Do not include amounts that were reported to you as wages in box 1 of Form(s) W-2. Include amounts you received under a dependent care assistance program from your sole proprietorship or partnership	13		
14	Enter the amount forfeited, if any. See instructions	14		
15	Subtract line 14 from line 13	15		
16	Enter the total amount of qualified expenses incurred in 2005 for the care of the qualifying person(s) . See instructions	16		
17	Enter the smaller of line 15 or line 16	17		
18	Enter YOUR earned income	18		
19	If married filing a joint return, enter YOUR SPOUSE'S earned income (if your spouse was a student or was disabled, see the instructions for line 5); if married filing a separate return, see the instructions for the amount to enter; all others , enter the amount from line 18	19		
20	Enter the smallest of line 17, line 18, or line 19	20		
21	Enter the amount from line 13 that you received from your sole proprietorship or partnership. If you did not receive any amounts, enter -0-	21		
22	Subtract line 21 from line 15	22		
23	Enter \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 19)	23		
24	Deductible benefits. Enter the smallest of line 20, line 21, or line 23. Also, include this amount on the appropriate line(s) of your return	24		
25	Enter the smaller of line 20 or line 23	25		
26	Enter the amount from line 24	26		
27	Excluded benefits. Subtract line 26 from line 25. If zero or less, enter -0-	27		
28	Taxable benefits. Subtract line 27 from line 22. If zero or less, enter -0-	28		
29	Enter \$3,000 (\$6,000 if two or more qualifying persons)	29		
30	Enter the amount from line 24 and line 27	30		
31	Subtract the amount on line 30 from the amount on line 29. If zero or less, stop . You do not qualify for the credit. Exception – If you paid 2004 expenses in 2005, see instructions for line 11	31		
32	Complete Side 1, Part III, line 2. Do not include in column (e) any benefits shown on line 30 above. Add the amounts in column (e) and enter the total here	32		
33	Enter the smaller of line 31 or line 32. Also, enter this amount on Side 1, line 3 on the front of this form and complete line 4 through line 12	33		

Worksheet – Credit for 2004 Expenses Paid in 2005

1)	Enter your 2004 qualified expenses paid in 2004. If you did not claim the credit for these expenses on your 2004 return, get and complete a 2004 form FTB 3506 for these expenses. You may need to amend your 2004 return	
2)	Enter your 2004 qualified expenses paid in 2005	
3)	Add the amounts on line 1 and line 2	
4)	Enter \$3,000 if care was for one qualifying person (\$6,000 for two or more)	
5)	Enter any dependent care benefits received for 2004 and excluded from your income (from line 24 of 2004 form FTB 3506)	
6)	Subtract amount on line 5 from amount on line 4 and enter the result	
7)	Compare your and your spouse's earned income for 2004 and enter the smaller amount	
8)	Compare the amounts on line 3, line 6, and line 7 and enter the smallest amount	
9)	Enter the amount from your 2004 form FTB 3506, line 6	
10)	Subtract amount on line 9 from amount on line 8 and enter the result. If zero or less, stop here. You cannot increase your credit by any previous year's expenses	
11)	Enter your 2004 federal adjusted gross income (AGI) (from your 2004 Form 540, line 13; 540A, line 12b; or Long Form 540NR, line 13).	
12)	2004 federal AGI decimal amount (from 2004 form FTB 3506, instructions for line 7)	
13)	Multiply line 10 by line 12	X.
14)	2004 California AGI decimal amount (from 2004 form FTB 3506, instructions for line 9)	
15)	Multiply line 13 by line 14. Enter the result here and on line 11 of your 2005 form FTB 3506	X.

Instructions for Form FTB 3506

Child and Dependent Care Expenses Credit

What's New

Beginning with taxable year 2005, the following changes were made:

- California conformed to the federal definition of a qualifying child.
- The requirement to pay over half the cost of keeping up the home for you and your qualifying person(s) has been eliminated.
- If you are a member of the armed forces and have earned military compensation for active services, your military compensation is considered as sourced in California regardless of the state of domicile and may be used in computing this credit.

General Information

You must attach the completed form FTB 3506 to your return if you claim the child and dependent care expenses credit.

A Purpose

If you paid someone in California to care for your child or other qualifying person so you (and your spouse, if married) could work or look for work in 2005, you may be able to claim the credit for child and dependent care expenses. However, you must have earned income to do so. If you qualify to claim the credit, use form FTB 3506 to figure the amount of your credit.

If you received dependent care benefits for 2005 but do not qualify to claim the credit, you are not required to complete form FTB 3506. For additional definitions, requirements, and instructions, get federal Form 2441.

B Differences in California and Federal Law

The differences between California and federal law are as follows:

- California allows this credit only for care provided in California.
- If you were a nonresident, you must have earned wages from working in California or earned self-employment income from California business activities.
- Federal adjusted gross income must be \$100,000 or less to qualify for the California credit.
- The California credit is a percentage of the federal credit as modified by California law.
- The California credit is refundable.

C Qualifications

You may take the credit if **all nine** of the following apply.

1. If you are married, you must file a joint return. For an exception, see Section E, Married Persons Filing Separate Returns, on page 70.
2. Care must be provided in California for one or more qualifying persons. See Section D, Qualifying Person Defined, on this page.
3. You paid for care so you (and your spouse, if married) could work or look for work. However, if you did not find a job and have no earned income, you do not qualify for the credit. If your spouse was a student or disabled, see the instructions for Part III, line 5, on page 71.
4. You (and your spouse, if married) must have earned income (wages or self-employment income) during the year. See the instructions for Part III, line 4, on page 71 for more information on earned income.
5. You and the qualifying person(s) live in the same home for more than half the year.
6. The person who provided care was not your spouse or a person for whom you can claim a dependent exemption. Generally, the person who provided the care cannot be a parent of the individual for whom care was provided. If your child provided the care, the child must have been age 19 or older by the end of 2005.
7. You report the required information about the care provider(s) in Part II, line 1, and the information about the qualifying person(s) in Part III, line 2.

8. Your federal adjusted gross income is \$100,000 or less.
9. You cannot be a dependent of another taxpayer.

D Qualifying Person Defined

Rules for Most People

A qualifying person is:

1. A child under age 13 who meets the requirements to be your dependent as a Qualifying Child. An individual who turned 13 during the year qualifies only for the part of the year when he or she was 12 years old.
2. Your spouse who was physically or mentally incapable of self-care.
3. Your dependent who was physically or mentally incapable of self-care.

Qualifying Child

A Qualifying Child is a person who meets all of the following tests:

- Relationship Test - The person must be your birth child, stepchild, adopted child, eligible foster child, brother, sister, half-brother, half-sister, stepbrother, stepsister or a descendant of one of these. An adopted child includes a child who has been lawfully placed with you for legal adoption even if the adoption is not yet final. An eligible foster child must be placed with you by an authorized placement agency or by a court.
- Age Test - The person must be under 19 years of age or a full-time student under 24. (For the purposes of qualifying for the Child and Dependent Care Expenses Credit, the child must be under 13.)
- Residency Test - The person must live with you for more than half the year.
- Support Test - The person must not have provided more than half of his or her own support.
- Joint Return Test - The person must not have filed a joint federal income tax return with his or her spouse.
- Citizenship Test - The person must be a citizen or national of the U.S. or a resident of the U.S., Canada, or Mexico.

Qualifying Child of More Than One Person -- Tie-Breaker Rules

If...	Then the child will be treated as the qualifying child of the...
Only one of the persons is the child's parent	Parent
Both persons are the child's parent	Parent with whom the child lived with for the longer period of time. If the child lived with each parent for the same amount of time then the child will be treated as the qualifying child of the parent with the highest adjusted gross income.
None of the persons are the child's parent.	Person with the highest adjusted gross income.

Divorced, Separated, or Never Married Parents

For divorced or separated parents, there are special rules for determining if your child is your qualifying person. A child can only be the qualifying person of one parent when the parents are filing separate returns. Even if both parents pay for child care for the same child, both parents cannot qualify for the credit. Some custody agreements designate which parent is entitled to the credit. However, the designated parent must still meet all the qualifications in Section C, Qualifications, to claim the credit. Use the table on the next page to see if your child is your qualifying person.

RULES FOR DIVORCED, SEPARATED, OR NEVER MARRIED PARENTS		
IF	AND	THEN
ALL four of the following apply: 1. Your child was under 13 and/or physically or mentally incapable of self-care when the care was provided. Children turning 13 during the year qualify only for the part of the year they were 12 years old. 2. One of the following applies a. You are divorced or legally separated from the other parent b. You are separated under a written separation agreement c. You and the other parent lived apart at all times during the last 6 months of the year. (This includes parents never married to each other.) 3. One or both parents had custody of the child for more than half the year. 4. One or both parents provided more than half the child's support for the year.	You were the custodial parent and you can claim the dependent exemption credit for the child.	The child is your qualifying person.
	You were the custodial parent and the noncustodial parent claimed the dependent exemption credit under the provisions of a decree of divorce, legal separation, or a written separation agreement	The child is your qualifying person.
	You are not the custodial parent.	The child is not your qualifying person.
One or more of the four statements above do not apply.		Use the "Rules for Most People" on page 69.

You are the custodial parent if you had physical custody of your child longer than the other parent during the calendar year. On days where custody is shared, the parent having custody of the child for more than 12 hours is considered to have custody for that day.

E Married Persons Filing Separate Returns

Generally, if you are married, you must file a joint return to claim the credit. However, you can take the credit on your separate return if:

- You meet all three requirements below:
 - You lived apart from your spouse at all times during the last six months of 2005.
 - The qualifying person(s) lived in your home more than half of 2005.
 - You provided over half the cost of keeping up your home.
- You meet all the other qualifications in Section C, Qualifications.

F Nonresidents and Part-Year Residents

- You must complete and attach Schedule CA (540NR), California Adjustments - Nonresidents or Part-Year Residents, to your tax return, Long Form 540NR. If Part I of Schedule CA (540NR) is not fully completed, we may disallow your credit.
- Nonresidents must have earned income from California sources to qualify for the credit. Beginning with tax year 2005, a nonresident servicemember's military wages are considered earned income from a California source for the purpose of qualifying for the credit.
- Part-year residents must have earned income while a California resident or earned income from California sources while a nonresident to qualify for the credit.

Specific Line Instructions

Part I

Unearned Income and Other Funds

List the source and amount of **any** money you received in 2005 that is not included in your earned income (line 4 and line 5) but that was used to support your household. Include child support, property settlements, public assistance benefits, court awards, inheritances, insurance proceeds, pensions and annuities, social security payments, workers' compensation, unemployment compensation, interest, or dividends.

Part II

Line 1

Complete line 1a through line 1g for each person or organization that provided the care in California. Only care provided in California qualifies for the credit. You can use federal Form W-10, Dependent Care Provider's Identification and Certification, or any other source listed in the instructions for Form W-10 to get the information from your care provider. If your provider does not give you the information, complete as much of the information as possible and explain that your provider did not give you the information you requested.

If you do not give correct and complete information, we may disallow your credit unless you can show you used due diligence in trying to get the required information.

Lines 1a through Line 1c

Enter your California care provider's complete name (or business name), address, and telephone number (including the area code). We may contact your care provider to verify the information you provide.

If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name on line 1a. Next, enter "See W-2" on line 1b. Complete line 1c through line 1f. Then leave line 1g blank. But, if your employer paid a third party (not hired by your employer) on your behalf to provide care, you must provide information on the third party on line 1a through line 1g.

Line 1d

For each care provider, check one box indicating whether the care provider is a person or organization.

Line 1e

If your care provider is	Then enter on line 1e
An individual	The provider's social security number
Not an individual	The provider's federal employer identification number (FEIN)
A tax-exempt organization	"Tax-exempt"

Line 1f

Enter the complete address where the care was provided. Only care provided in California qualifies for the credit.

Line 1g

Enter the total amount you **actually paid** in 2005 to your care provider for care provided in California. Also include amounts your employer paid to a third party on your behalf. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursement you received.

Part III

Line 2

Complete column (a) through column (e) for each qualifying person for whom care was provided in California. If you have more than three qualifying persons, attach a sheet of paper to your return with the required information and write "see attached." Be sure to put your name and social security number on the sheet.

Column (a)

Enter each qualifying person's name.

Column (b)

Enter each qualifying person's social security number. Be sure that the name and social security number match the qualifying person's social security card. Otherwise, we may reduce or disallow your credit. If the person was born in, and later died in, 2005, and does not have a social security number, enter "Deceased" in column (b) and attach a copy of the person's birth and death certificates.

Enter the social security numbers of the first two qualifying persons on Form 540, line 42 and line 43; Form 540A, line 28 and line 29; or Long Form 540NR, line 51 and line 52.

Column (c)

Enter the qualifying person's date of birth in the space provided or if the qualifying person is disabled (physically or mentally incapable of self-care), check the "Yes" box.

Column (d)

If you shared custody of the qualifying person(s), enter the percentage of time you had physical custody during 2005.

Column (e)

Enter the qualified expenses you incurred and paid in 2005 for the qualifying person. Include only the qualified expenses for care provided in California. If the child turned 13 years old during the year, include only the qualified expenses for the part of the year the child was under 13.

Do not include in column (e) qualified expenses:

- You incurred in 2005 but did not pay until 2006. You may be able to use these expenses to increase your 2006 credit.
- You incurred in 2004 but did not pay until 2005. Instead, see instructions for line 11.
- You prepaid in 2005 for care to be provided in 2006. These expenses may only be used to figure your 2006 credit.

Note: A qualified expense does not include the amount you paid for education (school tuition) or the amount you received through a subsidy program.

Line 4

Earned income Includes:	Earned income does not include:
<ul style="list-style-type: none"> • Wages, salary, tips, and other taxable and nontaxable employee compensation including combat pay • Net earnings from self-employment • Strike benefits • Disability payments you report as wages • Active duty pay received by members of the armed forces is considered earned income regardless of whether the member is domiciled in this state or elsewhere 	<ul style="list-style-type: none"> • Pensions or annuities • Social security payments • Workers' compensation • Interest • Dividends • Capital gains • Unemployment compensation • Public assistance • Homeowner and Renter Assistance

Nonresidents and Part-Year Residents Only: Earned income from California sources includes:	Earned income does not include:
<ul style="list-style-type: none"> • Wages, salary, tips, and other taxable and nontaxable employee compensation for working in California (except military compensation earned by nonresidents) • Net earnings from self-employment from California business activities • Strike benefits related to California employment • Disability payments you report as California wages • Active duty pay received by members of the armed forces is considered earned income regardless of whether the member is domiciled in this state or elsewhere 	<ul style="list-style-type: none"> • Pensions or annuities • Social security payments • Workers' compensation • Interest • Dividends • Capital gains • Unemployment compensation • Public assistance • Homeowner and Renter Assistance

Line 5

Spouse Who Was a Student or Disabled

Your spouse was a **student** if he or she was enrolled as a full-time student at a school during any 5 months of 2005. A school does not include a night school or correspondence school.

Your spouse was **disabled** if he or she was not capable of self-care. Figure your spouse's earned income on a monthly basis.

For each month your spouse was a full-time student or disabled, enter on line 5 the larger of

- Your spouse's actual earned income for that month, or
- \$250 (\$500, if you have 2 or more qualifying persons).

If, in the same month, both you and your spouse were either full-time students or disabled, only one of you can be treated as having earned income of \$250 (or \$500) in that month. For any month that your spouse was not a full-time student or disabled, use your spouse's actual earned income for that month.

Line 7

Use the chart on this page to determine the decimal amount to enter on line 7. Your federal adjusted gross income (AGI) is on Form 540A, line 12b; Form 540, line 13; or Long Form 540NR, line 13.

If your Federal AGI is:		The decimal amount on Line 7 is:
Over	But not over	
\$0	\$15,000	.35
15,000	17,000	.34
17,000	19,000	.33
19,000	21,000	.32
21,000	23,000	.31
23,000	25,000	.30
25,000	27,000	.29
27,000	29,000	.28
29,000	31,000	.27
31,000	33,000	.26
33,000	35,000	.25
35,000	37,000	.24
37,000	39,000	.23
39,000	41,000	.22
41,000	43,000	.21
43,000	No limit	.20

Line 9

Use the chart below to determine the decimal amount to enter on line 9.

If your federal AGI from Form 540A, line 12b; Form 540, line 13; or Long Form 540NR, line 13 is:	The decimal amount to enter on Line 9 is:
\$40,000 or less	.50
Over \$40,000 but not over \$70,000	.43
Over \$70,000 but not over \$100,000	.34
Over \$100,000	Stop. You do not qualify for this credit.

Line 11

If you had qualified expenses for care that was provided in 2004 that you paid for in 2005, you may be able to increase your credit for 2005. Complete the worksheet on Side 2 of form FTB 3506. You will need a copy of your 2004 California return to complete the worksheet.

Part IV

Line 13

Dependent care benefits are:

- Amounts an employer paid directly to you (or your spouse, if married), or to your care provider for the care of your qualifying person(s), while you worked.
- A day-care facility provided by your employer.
- Generally deducted from your salary.
- Shown in box 10 of your 2005 Form(s) W-2.

Line 14

If you had a flexible spending account, any amount included on line 13 that you did not receive because you did not incur the expense is considered forfeited. Do not include amounts you expect to receive at a future date.

Line 16

Enter the total of all qualified expenses incurred in 2005. It does not matter when the expenses were paid.

Note: A qualified expense does not include the amount you paid for education (school tuition) or the amount you received through a subsidy program.

Example: You received \$2,000 cash under your employer's dependent care plan for 2005. The \$2,000 is shown in box 10 of your Form W-2. You incurred \$900 of qualified expenses in 2005 for the care of your 5-year-old dependent child. You would enter \$900 on line 16, but would report the entire \$2,000 on line 13.

For all other lines, follow specific line instructions on the form. For additional information, get federal Form 2441 or Pub. 503, Child and Dependent Care Expenses.

Worksheet

Line 12 and line 14

You will need to get the 2004 form FTB 3506 instructions to complete the Credit for 2004 Expenses Paid in 2005 Worksheet. You can get forms from our Website at www.ftb.ca.gov or by calling (800) 338-0505.

Line 12

Enter the decimal amount from the chart in the line 7 instructions of the **2004** form FTB 3506 that corresponds to your **2004** federal adjusted gross income.

Line 14

Enter the decimal amount from the chart in the line 9 instructions of the **2004** form FTB 3506 that corresponds to your **2004** California adjusted gross income.

Additional Information

California Use Tax General Information

The use tax has been in effect in California since July 1, 1935. It applies to purchases from out-of-state sellers and is similar to the sales tax paid on purchases you make in California.

In general, you must pay California use tax on purchases made from out of state (for example, by telephone, by mail, or in person) if:

- The seller does not collect California sales or use tax, and
- You use, give away, store, or consume the item in this state.

Example: You live in California and purchase a dining table from a company in North Carolina. The company ships the table from North Carolina to your home for your use and does not charge California sales or use tax. You owe use tax on the purchase.

Complete the Use Tax Worksheet on page 14 or page 22 to calculate the amount due.

Extensions to file. If you request an extension to file your income tax return, wait until you file your return to report your purchases subject to use tax and make your use tax payment.

Penalty. To avoid late payment penalties for use tax, you must report and pay the use tax with a timely filed income tax return.

Changes in use tax reported. Do not file an Amended Income Tax Return to revise the use tax previously reported. If you have changes to the amount of use tax previously reported on your the original return contact the State Board of Equalization.

For assistance with your use tax questions, please visit the State Board of Equalization's Website at www.boe.ca.gov or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929. Income tax information is not available at this number.

Collection Fees

The FTB is required to assess collection and filing enforcement cost recovery fees on delinquent accounts.

Deceased Taxpayers

A final return must be filed for a person who died in 2005 if a return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the return. Please print "deceased" and the date of death next to the taxpayer's name at the top of the return.

If you are a surviving spouse and no administrator or executor has been appointed, you may file a joint return if you did not remarry during 2005. Indicate next to your signature that you are the surviving spouse.

You may also file a joint return with an administrator or executor acting on behalf of the deceased taxpayer.

If you file a return and claim a refund due to a deceased taxpayer, you are certifying under penalty of perjury either that you are the legal representative of the deceased taxpayer's estate (in this case, you must attach certified copies of the letters of administration or letters testamentary) or that you are entitled to the refund as the deceased's surviving relative or sole beneficiary under the provisions of the California Probate Code. You must also attach a copy of federal Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or a copy of the death certificate when you file a return and claim a refund due.

Innocent Spouse Relief

You may qualify for relief from liability for tax on a joint return if (1) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (2) you are divorced, legally separated, or no longer living with your spouse, and (3) given all the facts and circumstances, it would be unfair to hold you liable for the tax. Get FTB Pub. 705, *Innocent Spouse – Are you eligible?*, for more information.

Military Personnel

If you are a member of the military and need additional information on how to file your return, get FTB Pub. 1032, *Tax Information for Military Personnel*. See "Order Forms and Publications" on the back cover.

Homeowner and Renter Assistance

Homeowner assistance is a once-a-year payment from the State of California as a reimbursement for part of the property taxes you paid on your home. If eligible, you could receive up to 96% of the property taxes you paid in the prior year. In 2005, you would have qualified for this assistance if you:

- Were one of the following on December 31, 2004: 62 years of age or older, blind, or disabled; and
- Owned your home and lived in it on December 31, 2004, had total household income of \$39,699 or less, and were a U.S. citizen, designated alien, or qualified alien, when you file your claim.

Renter assistance is a once-a-year payment from the State of California as a reimbursement for part of the property taxes that you pay indirectly when you pay your rent. In 2005, you would have qualified for this assistance if you:

- Were one of the following on December 31, 2004: 62 years of age or older, blind, or disabled; and
- Paid \$50 or more rent per month in the prior year, had total household income of \$39,699 or less, and were a U.S. citizen, designated alien, or qualified alien when you file your claim.

The 2005 filing season ends June 30, 2006.

The 2006 filing season for these programs begins July 1, 2006. For more information, call (800) 868-4171 or visit us at our Website at www.ftb.ca.gov.

Requesting a Copy of Your Tax Return

The FTB keeps personal income tax returns for three and one-half years from the original due date. To obtain a copy of your return, you must write a letter or complete form FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return. In most cases, there is a \$20 fee for each tax year you request. However, there is no charge if you were the victim of a designated California or federal disaster; or you request copies from a field office that assisted you in completing your return. See "Order Forms and Publications" on the back cover.

Mello-Roos

You cannot deduct Mello-Roos if they are assessed to fund local benefits and improvements that tend to increase the value of your property. Mello-Roos taxes may appear on your annual county property tax bill with other deductible property taxes. That does not mean you can deduct the Mello-Roos taxes. You may only be able to deduct a portion of the total property tax shown on your bill.

For more information, you can:

- Contact your Mello-Roos District.
- Get federal Pub. 17, *Your Federal Income Taxes-Individuals*, Chapter 24.

Vehicle License Fees for Federal Schedule A

On your federal Schedule A, you may deduct the California motor vehicle license fee listed on your Vehicle Registration Billing Notice from the Department of Motor Vehicles. The other fees listed on your billing notice such as registration fee, weight fee, and county fees are not deductible.

Voting Is Everybody's Business

You may register to vote if you meet these requirements:

- You are a United States citizen;
- You are a resident of California;
- You will be 18 years old by the date of the next election; and
- You are not in prison or on parole for the conviction of a felony.

You need to re-register every time you move, change your name, or wish to change political parties. In order to vote in an election, you must be registered to vote at least 15 days before that election. To obtain a Voter Registration Card, call the California Secretary of State's office toll-free voter hotline at (800) 345-VOTE or visit their Website at www.ss.ca.gov.

It's Your Right . . . Register and Vote

How To Get California Tax Information

(Keep This Booklet For Future Use)

Where To Get Income Tax Forms and Publications

By Internet – You can download, view, and print California income tax forms and publications from our Website at www.ftb.ca.gov or you may have these forms and publications mailed to you. Many of our most frequently used forms may be filed electronically, printed out for submission, and saved for record keeping.

By phone – To order 2003 - 2005 California tax forms and publications:

- Refer to the list on the next page and find the code number for the form you want to order.
- Call (800) 338-0505.
- Select "Personal Income Tax."
- Select "To Order Forms and Publications."
- Enter the three-digit form code when you are instructed.

Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

In person – Many post offices and libraries provide free California tax booklets during the filing season. Most libraries and some quick print businesses have forms and schedules for you to photocopy (a nominal fee may apply).

Note: Employees at libraries, post offices, and quick print businesses cannot provide tax information or assistance.

By mail – Write to: TAX FORMS REQUEST UNIT, FRANCHISE TAX BOARD, PO BOX 307, RANCHO CORDOVA CA 95741-0307.

Letters

If you write to us, be sure your letter includes your social security number and your daytime and evening telephone numbers. Send your letter to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

We will respond to your letter within 10 weeks. In some cases, we may call you to respond to your inquiry, or ask you for additional information. Do not attach correspondence to your tax return unless the correspondence relates to an item on the return.

General Toll-Free Phone Service

Telephone assistance is available year-round from 7 a.m. until 7 p.m. Monday through Friday, except holidays.

From within the United States, call (800) 852-5711
From outside the United States, call (not toll-free) (916) 845-6500
For federal tax questions, call the IRS at (800) 829-1040

Assistance for persons with disabilities

We comply with the Americans with Disabilities Act. Persons with a hearing or speech impairment please call:

TTY/TDD (800) 822-6268

Large-print forms and instructions – The Resident Booklet is available in large print upon request and is also available on cassette tape. See "Where To Get Income Tax Forms and Publications" on this page.

Asistencia bilingüe en español

Asistencia telefónica esta disponible todo el año durante las 7 a.m. y las 7 p.m. lunes a viernes, excepto días festivos.

Dentro de los Estados Unidos, llame a (800) 852-5711
Fuera de los Estados Unidos, llame al (cargos aplican) (916) 845-6500
Para preguntas sobre impuestos federales,
llame el IRS al (800) 829-1040

Página Electrónica:
www.ftb.ca.gov

Asistencia para personas discapacitadas: Nosotros estamos en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos o de habla, pueden llamar al (800) 822-6268 con un aparato de telecomunicación TTY/TTD.

Your Rights As A Taxpayer

Our goal at the FTB is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB Pub. 4058, *California Taxpayers' Bill of Rights*, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program, and how you can request written advice from the FTB on whether a particular transaction is taxable. See "Where To Get Income Tax Forms and Publications," on this page.

Privacy Act Notice

The Franchise Tax Board considers the privacy of your tax information to be of the utmost importance.

Your Rights

You have a right to see our records that contain your personal information, and we must tell you why we ask for your tax information and to whom we may provide that information. You also have the right to question the correctness of the information that is contained within your file.

Your Responsibility

If you meet certain income requirements, the California Revenue & Taxation Code requires you to file a return on the forms we prescribe (see sections 18501 and 18621). When you file these forms and related documents, you must include your social security number for identification and return processing (section 18624).

Reasons for Information Requests

We ask for return information so that we can administer the tax law fairly and correctly. We may request additional information to resolve audit or collection issues. It is mandatory that you furnish all requested information.

If you do not file a return, do not provide the information we ask for, or if you provide fraudulent information, you may be charged penalties and interest, and, in certain cases, you may be criminally prosecuted. Additionally, we may disallow your claimed exemptions, exclusions, credits, deductions, or adjustments. This could increase your tax liability, or delay or reduce any refund.

Information Disclosure

We may give your tax information to the Internal Revenue Service, to income tax officials of other states, to the Multistate Tax Commission, and to certain California government agencies and officials, as provided by law. Also, as provided by law, we may give your tax information to other persons as necessary to determine your tax liability or to collect the amount of tax you owe. If you owe the Franchise Tax Board money, the amount due may be disclosed to employers, financial institutions, county recorders, vacation trust funds, process agents, or others who hold assets belonging to you.

Responsibility for the Records

To obtain information about your records,

- 1) Write to: Disclosure Section Officer, MS A-181, Franchise Tax Board, PO Box 1468, Sacramento CA 95812-1468, or
- 2) Call: (800) 852-5711 within the United States, or (916) 845-6500 outside of the United States.

2005 California Tax Rate Schedules



Go to www.ftb.ca.gov to e-file and eliminate the math. Or search our Website for "tax calculator" to use the online tax calculator to figure your tax.

Caution: Use only if your taxable income on Form 540, line 19 or Form 540A, line 16 is more than \$100,000. If \$100,000 or less, use the Tax Table.

Schedule X –

Use if your filing status is
Single or Married Filing Separately

If the amount on Form 540, line 19 or form 540A, line 16 is over – But not over –		Enter on form 540, line 20 or Form 540A, line 17		of the amount over –
\$ 0	\$ 6,319	\$ 0.00	+ 1.0%	\$ 0.00
6,319	14,979	63.19	+ 2.0%	6,319
14,979	23,641	236.39	+ 4.0%	14,979
23,641	32,819	582.87	+ 6.0%	23,641
32,819	41,476	1,133.55	+ 8.0%	32,819
41,476	AND OVER	1,826.11	+ 9.3%	41,476

Schedule Y –

Use if your filing status is
**Married Filing Jointly or Qualifying
Widow(er) with Dependent Child**

\$ 0	\$ 12,638	\$ 0.00	+ 1.0%	\$ 0.00
12,638	29,958	126.38	+ 2.0%	12,638
29,958	47,282	472.78	+ 4.0%	29,958
47,282	65,638	1,165.74	+ 6.0%	47,282
65,638	82,952	2,267.10	+ 8.0%	65,638
82,952	AND OVER	3,652.22	+ 9.3%	82,952

Schedule Z –

Use if your filing status is
Head of Household

\$ 0	\$ 12,644	\$ 0.00	+ 1.0%	\$ 0.00
12,644	29,959	126.44	+ 2.0%	12,644
29,959	38,619	472.74	+ 4.0%	29,959
38,619	47,796	819.14	+ 6.0%	38,619
47,796	56,456	1,369.76	+ 8.0%	47,796
56,456	AND OVER	2,062.56	+ 9.3%	56,456

How to Figure Tax Using the 2005 California Tax Rate Schedules

Example: John and Jackie Anderson are filing a joint return using Form 540. Their taxable income on Form 540, line 19 is \$125,000.

Step 1: Using Schedule Y, they find the taxable income range that includes their taxable income of \$125,000. See the boxed range in the sample below.

If the amount on Form 540, line 19 is: over – But not over –		Enter on Form 540, line 20		of the amount over –
\$ 0	\$ 12,638	\$ 0.00	+ 1.0%	\$ 0.00
12,638	29,958	126.38	+ 2.0%	12,638
29,958	47,282	472.78	+ 4.0%	29,958
47,282	65,638	1,165.74	+ 6.0%	47,282
65,638	82,952	2,267.10	+ 8.0%	65,638
82,952	AND OVER	3,652.22	+ 9.3%	82,952

Schedule Y –

Use if your filing status is
**Married Filing Jointly or Qualifying
Widow(er) with Dependent Child**

Step 2: They subtract the amount at the beginning of their range from their taxable income.

Example
\$125,000
- 82,952
\$ 42,048

Your Income
\$
-
\$

Step 3: They multiply the result from Step 2 by the percentage for their range.

\$42,048
x .093
\$3,910.46

\$
x
\$

Step 4: They round the amount from Step 3 to two decimals (if necessary) and add it to the tax amount for their income range. After rounding the result, they will enter \$7,563 on Form 540, line 20. For information on rounding, see "Filing in your return" on page 8.

\$3,652.22
+ 3,910.46
\$7,562.68

\$
+
\$



Automated Toll-Free Phone Service

(Keep This Booklet For Future Use)

Use our automated toll-free phone service to get recorded answers to many of your questions about California Taxes and to order current year Personal Income Tax Forms and Publications. You can also:

- Get current year tax refund information; and
- Get balance due and payment information;

Have paper and pencil ready to take notes.

Call from within the

United States (800) 338-0505

Call from outside the

United States (916) 845-6500
(not toll-free)

Order Forms and Publications

If your current address is on file, you can order California tax forms for the current and previous two years. See the following list of forms and follow the instructions for ordering forms on the previous page.

Code California Tax Forms and Publications

- 900 California Resident Income Tax Booklet: Form 540, Resident Income Tax Return
- 965 Form 540A, Resident Income Tax Return
- 903 Form 540 2EZ Tax Booklet
- 903 Schedule CA (540), California Adjustments-Residents FTB 3885A, Depreciation and Amortization Adjustments
- Schedule D, California Capital Gain or Loss Adjustment
- 969 Large Print Resident Booklet
- 970 Resident Booklet on Cassette
- 907 540-ES, Estimated Tax for Individuals
- 908 540X, Amended Individual Income Tax Return
- 909 Schedule D-1, Sales of Business Property
- 910 Schedule G-1, Tax on Lump-Sum Distributions
- 911 Schedule P (540), Alternative Minimum Tax and Credit Limitations – Residents
- 913 Schedule S, Other State Tax Credit
- 914 California Nonresident Income Tax Booklet: Long and Short Form 540NR, Nonresident or Part-Year Resident Income Tax Return
- 917 Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents
- 918 Schedule P (540NR), Alternative Minimum Tax and Credit Limitations – Nonresidents or Part-Year Residents
- 932 FTB 3506, Child and Dependent Care Expenses Credit
- 937 FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return
- 921 FTB 3519, Automatic Extension for Individuals

- 972 FTB 3520, Power of Attorney Form and FTB Pub. 1144, Power of Attorney Frequently Asked Questions
- 922 FTB 3525, Substitute for W-2 Wage and Tax Statement
- 923 FTB 3526, Investment Interest Expense Deduction
- 940 FTB 3540, Credit Carryover Summary
- 949 FTB 3567, Installment Agreement Request
- 924 FTB 3800, Tax Computation for Children with Investment Income
- 929 FTB 3801, Passive Activity Loss Limitations
- 925 FTB 3805E, Installment Sale Income
- 928 FTB 3805P, Additional Taxes from Qualified Retirement Plans
- 926 FTB 3805V, Net Operating Loss (NOL) — Individuals
- 901 FTB 3805Z, Enterprise Zone Businesses
- 927 FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries
- 919 FTB Pub. 1001, Supplemental Guidelines to California Adjustments
- 920 FTB Pub. 1005, Pension and Annuity Guidelines
- 945 FTB Pub. 1006, California Tax Forms and Related Federal Forms
- 946 FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities
- 943 FTB Pub. 4058, California Taxpayers' Bill of Rights
- 941 FTB Pub. 1031, Guidelines for Determining Resident Status
- 942 FTB Pub. 1032, Tax Information for Military Personnel
- 951 FTB Pub. 1051A, Guidelines for Married Filing Separate Returns
- 934 FTB Pub. 1540, California Head of Household Filing Status Information

Current Year Refund Information

If you file by mail, you should wait at least 8 weeks after you file your tax return before you call to find out about your refund. You will need your social security number, the numbers in your street address, box number or route number, and your ZIP Code to use this service.

Balance Due and Payment Information

You should wait at least 45 days from the date you mailed your payment before you call to verify receipt of your payment. You will need your social security number, the numbers in your street address, box number or route number, and your ZIP Code to use this service.

Answers To Tax Questions

Call our automated phone service, select "Personal Income Tax Information," then "General Tax Information," and enter the 3-digit question code.

Code Filing Assistance:

- 100 Do I need to file a return?
- 111 Which form should I use?
- 112 How do I file electronically and get a fast refund?
- 201 How can I get an extension to file?
- 203 What is the nonrefundable renter's credit and how do I qualify?
- 204 I never received a Form W-2. What do I do?
- 205 I have no withholding taken out. What do I do?
- 206 Do I have to attach a copy of my federal return?
- 209 I lived in California for part of the year. Do I have to file a return?
- 210 I did not live in California. Do I have to file a return?
- 215 Who qualifies me to use the head of household filing status?
- 222 How much can I deduct for vehicle license fees?

Penalties

- 403 What is the estimate penalty rate?

Notices And Bills

- 503 How do I file a protest against a Notice of Proposed Assessment?
- 506 How can I get information about my Form 1099-G?

Tax For Children

- 601 Can my child take a personal exemption credit when I claim her or him as a dependent on my return?

Miscellaneous

- 611 What address do I send my payment to?
- 619 How do I report a change of address?



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